

Annual Report 2017 - 2018



KOTHARI PHYTOCHEMICALS & INDUSTRIES LTD.

DIN

BOARD OF DIRECTORS : SRI A. V. KOTHARI – Director 02572346
 SMT. VEDIKA KOTHARI – Director 07189991
 SRI S. BAGRI – Director 00659888
 SRI A. KHANDELWAL – Director 00416445
 SRI A. AGARWAL – Director 00054252
 SRI A. K. TOSHNIWAL – Managing Director 06872891

COMPANY SECRETARY : SRI M. L. DAGA

AUDITORS : K RAY & COMPANY, KOLKATA

BANKERS : VIJAYA BANK

REGISTERED OFFICE : C-4, GILLANDER HOUSE,
 8, N. S. ROAD, KOLKATA-700 001

REGISTRAR & SHARE TRANSFER AGENT : MAHESHWARI DATAMATICS PVT. LTD.
 23, R. N. MUKHERJEE ROAD (5TH FLOOR),
 KOLKATA - 700 001

MANUFACTURING UNITS

PHYTOCHEMICALS DIVISION : MADURAI (Tamil Nadu)
 Mfrs. of : Chemicals and Crude Drugs

CLARO INDIA DIVISION : GUMMIDIPOONDI (Tamil Nadu)
 Mfrs. of : Phenolic Resin

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DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting ONE HUNDRED TWENTY SECOND Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2018.

1. FINANCIAL SUMMARY AND PERFORMANCE OF THE COMPANY :

PARTICULARS	2017-18 ₹	2016-17 ₹
Gross Sales	237,652,998	210,178,242
Other Operating Revenue	2,355,283	1,875,580
Other Income	23,847,302	21,460,865
Total Revenue	263,855,583	233,514,687
Earnings before Depreciation, Amortisation & Taxation	73,004,834	61,528,168
Less: Depreciation and Amortisation	9,197,315	8,598,080
Profit before Taxation	63,807,519	52,930,088
Less: Provision for Taxation		
Current Tax	14,700,000	14,370,000
Deferred Tax (Net)	3,179,675	67,656
Taxation adjustments of earlier years (Net)	-	285,182
Profit from Continuing Operation	45,927,844	38,207,250
Profit after Taxation from Discontinuing Operations	31,590,178	260,990
Profit for the year	77,518,022	38,468,240
Other Comprehensive Income	212,169	(5,784)
Total Comprehensive Income	77,730,191	38,462,456
STATEMENT OF RETAINED EARNINGS		
At the beginning of the year	46,126,696	39,348,486
Add : Profit for the year	77,518,022	38,468,240
Add : Other Comprehensive Income (net of taxes)	212,169	(5,784)
Less : Dividend Paid	11,649,525	9,707,938
Tax on Dividend	2,371,570	1,976,308
Transfer to General Reserve	50,000,000	20,000,000
At the end of the year (Balance)	59,835,792	46,126,696
EPS	19.97	9.91

DIRECTORS' REPORT — (Contd.)
2. DIVIDEND

Your Directors are pleased to recommend payment of dividend @ 30 % i. e. ₹ 3/- (previous year 30 % i.e. ₹ 3/-) per ordinary share of ₹ 10/- each for the year under review. The total payout amounts to ₹ 14,044,120/- including ₹ 2,394,595/- as Dividend Distribution Tax.

3. RESERVE

Your company has transferred an amount of ₹ 50,000,000/- to the General Reserve for the financial year ended 31st March, 2018.

4. SHARE CAPITAL

The Paid – up Share Capital of the Company as on 31st March, 2018 was ₹ 38,831,750/-. There has been no change in the Equity Share Capital of the Company during the year.

5. ADOPTION OF INDIAN ACCOUNTING STANDRAD (IND – AS)

The Company has followed the treatment laid down in the Indian Accounting Standards (Ind AS) for the first time from 1st April, 2017, the date of transition being 1st April, 2016. Accordingly results for the year ended 31st March, 2018 are in compliance with Indian Accounting Standard (Ind AS) notified by the Ministry of Corporate Affairs. Consequently, results for the year ended 31st March, 2017 have been restated to comply with Ind AS to make them comparable.

6. DISCONTINUED BUSINESS OF SOUTHERN SYNTHETICS DIVISION

The unexpired leasehold land right on 10.5 Acres of leasehold land of Southern Synthetics, situated at Plot No. 14, at Sipcot Industrial Complex, Ranipet – 632 403, Vellore District, Tamil Nadu, has been transferred for value consideration, to BBK Leathers (Private) Limited, Chennai. Accordingly, the Southern Synthetics division required closure and has been closed w. e. f. 7th September, 2017.

The old and outdated Plant & Machinery of the division has been discarded for realisation.

7. VOLUNTARY DELISTING OF EQUITY (ORDINARY) SHARES FROM THE CALCUTTA STOCK EXCHANGE LIMITED

During the year, in accordance with the SEBI (Delisting of Equity Shares) Regulations, 2009, the Company applied for Voluntary Delisting of Equity (Ordinary) Shares of the Company from The Calcutta Stock Exchange Limited, the only Stock Exchange where shares of the Company was listed. The Calcutta Stock Exchange Limited vide their letter Ref No. CSE / LD / 14252 / 2018 dated 21st May, 2018 has confirmed the Voluntary Delisting of the Equity (Ordinary) Shares of the Company with effect from 22nd May, 2018.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

There was improvement in the demand of Phytochemical products, but revenue from Resin is not growing. Production of Formaldehyde and Hexamine has been discarding because of outdated technology and uneconomic size.

DIRECTORS' REPORT — (Contd.)**SEGMENTWISE PERFORMANCE****a) PHYTOCHEMICALS DIVISION**

During the year under review, the turnover of the division has increased to ₹ 16.45 Crore as compared to ₹ 12.26 Crore in last year. Prices of Nux Vomica seeds a critical raw material is continuously looking upward trend year after year. Current order book position is reasonable. The Company expects fresh bulk order for Strychnine, Calcium Sennoside and Tolbutamide.

The Division has applied for Environmental Clearance (EC) from the Ministry of Environment and Forest, New Delhi. Once the Term of Reference (TOR) is received from Ministry, Environment Impact Assessment, and Public Hearing will be done for obtaining final Environmental clearance, followed with Consent to Establish (CTE) and Consent to Operate (CTO), for going ahead with production of new phyto products. You directors are doing their best to observe and obtain all these formalities and clearance and hope to start commercial production of new phyto products in the 2nd quarter of the year 2019 – 20.

b) CLARO INDIA DIVISION

The division is not doing very well because of its size. The plant and machineries are getting older and require replacement / modification. Long term viability of this division is uncertain because of uneconomic size and outdated Plant & Machineries.

OPPORTUNITIES AND THREATS

Opportunities exist in the coming days to increase revenue of the Company when commercial productions of new phyto products start. Power cuts, increase in power tariffs and non availability of skilled labours is another area of threat. Any decrease / postponement of products from USA buyers for our product may slowdown our growth. Outdated plant with poor yield and low capacity utilisation is also threat for the survival of Claro India Division.

OUT LOOK

We are planning to complete plant scale upgradation by installing Falling Film Evaporator and Wiped Film Evaporator in Calcium Sennoside plant. This will further improve the quality and yield of Calcium Sennoside 60 %, besides enhancing solvent recovery.

RISK AND CONCERNS

Monsoon appears to be scanty which will result in short supply of Nuxvomica seeds and their prices may shoot up.

The volatility in the exchange rate of US Dollar to Indian Rupee is another area of concern. With the introduction of GST w. e. f. 1st July, 2017 there will be all around increase in the input cost. Increase in input cost beside the discontinuation of Duty Drawback claims, which will reduce profitability of the Company.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Effective Internal control in all operational areas exist in all the Division of the Company. Financial records are maintained according to Accounting Standard introduced by the

DIRECTORS' REPORT — (Contd.)

Government. Internal Audit is conducted by an Independent Professional firm of Chartered Accountants. The Internal Audit Reports are reviewed and discussed with the senior management and Audit Committee. The measures as suggested by the Audit Committee are implemented as per their directions.

HUMAN RESOURCES

Our employees are core resource and the Company is continuously evolving Policies to strengthen its employee value proposition. The Company is constantly working on providing the best working environment to its employees with a view to inculcate leadership and autonomy among them. Value and competencies of employees and workers are enriched through various development strategies.

CAUTIONARY STATEMENT

The statements contained in the Board's Report & Management Discussion and Analysis contain certain facts relating to the future and therefore are forward looking within the meaning of applicable securities laws and regulations. Various factors such as economic conditions, changes in government regulations, tax regime, other statutes, market forces and other associated and incidental factors may however lead to variation in actual results. This Report should be read in conjunction with the financial statements included herein and the notes thereto. Readers are cautioned not to place undue reliance on these forward – looking statements that speak only as of their dates.

9. DIRECTORS

Smt. Vedika Kothari (DIN: 07189991) was appointed as an additional director on 7th November, 2017 and holding office till the conclusion of next Annual General Meeting. A notice u/s 160 has been received from a shareholder proposing her name for appointment as director of the Company. Necessary resolution has been set out in the notice of Annual General Meeting. Your directors recommend passing of the resolution.

Sri Arun Kumar Kothari (DIN: 00051900) and Smt. Prabhawati Devi Kothari (DIN: 00051860) resigned from the Board w. e. f. 7th November 2017. The Board appreciate and place on record their guidance and valuable services to the Board during the tenure of their association.

Sri Anand Vardhan Kothari (DIN: 02572346) Non – executive Director retires by rotation from the Board and being eligible, offer himself for re – election. The Board recommend his re – appointment.

A brief particular of the Directors seeking appointment or re – appointment has been given in the Statement of Corporate Governance published along with this Annual Report.

None of the Directors are disqualified under Section 164 (2) of the Companies Act, 2013.

DECLARATIONS OF INDEPENDENT DIRECTORS

All Independent Directors have given declarations under Section 149 (7) of the Companies Act, 2013 and that they meet the criteria of Independence as laid down under section 149 (6) of the Companies Act, 2013 and Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

DIRECTORS' REPORT — (Contd.)**BOARD EVALUATION**

The Board evaluates the performance of non – executive and Independent Directors. The Directors evaluate performances of other Directors (excepting himself) and its various sub – committees and provide their feedback to the Nomination & Remuneration Committee. All the non – executive & the Independent Directors are eminent personalities having wide experience in the field of business, Industry & Administration. Their presence in the Board is advantageous and fruitful in taking business decision.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 134 (5) of the Companies Act, 2013 your Directors hereby state and confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis;
- v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REMUNERATION POLICY

The Company follow 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 are given in the website of the Company. The web – link for the remuneration policy is <https://www.kothariphyto.com/nmp.php>

REMUNERATION RATIO OF DIRECTORS / KEY MANAGERIAL PERSONNEL / EMPLOYEES.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 in respect of employees of the Company and Directors are given in Annexure 'I' which forms part of this report.

FAMILIARIZATION PROGRAMME

Independent Directors are familiarized from time to time with regard to their roles, rights, responsibilities as enumerated in Schedule IV of the Companies Act, 2013. They are fully

DIRECTORS' REPORT — (Contd.)

appraised with nature of the business in which Company operates. The Independent Directors have been provided with necessary documents, reports and internal control system to familiarise them with the Company's policies, procedures and practices.

10. KEY MANAGERIAL PERSONNEL

Sri A. K. Toshniwal (DIN 06872891) has been re – appointed as Managing Director for a further period of 3 years w. e. f. 1st April, 2017 till 31st March, 2020.

11. PUBLIC DEPOSITS

The Company has not accepted any deposits from members and public under Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

12. NUMBER OF BOARD MEETINGS HELD

During the year under review five Board Meetings were held, the details of which are given in the Clause 2 (b) of the Corporate Governance Report.

13. COMMITTEES OF THE BOARD

At present the Board has constituted three committees viz. (a) Audit Committee, (b) Nomination and Remuneration Committee and (c) Stakeholders Relationship Committee, the details of which are given under Clause 3 of Corporate Governance Report. After the delisting of the Equity (ordinary) shares of the Company from The Calcutta Stock Exchange, the only Stock Exchange where shares of the Company was listed, with effect from 22nd May, 2018. The Audit Committee, and Nomination and Remuneration Committee may not be required.

14. AUDITORS

K. Ray & Company, (Firm Registration No. 312142E) Chartered Accountants, the Statutory Auditors of the Company where appointed in the 121st Annual General Meeting to hold office until the conclusion of 126th Annual General Meeting.

Jitendra K Agarwal & Associates, (Firm Registration No. 318086E) Chartered Accountants, the Branch Auditors of the Company where appointed in the 121st Annual General Meeting to hold office until the conclusion of 126th Annual General Meeting.

15. AUDIT REPORTS

There are no qualifications or observations or remarks made by the Statutory Auditor in their Report.

16. SECRETARIAL AUDIT REPORT

The Board of Directors of the Company have appointed Sri Ashok Kumar Daga, Company Secretary (Registration No. FCS – 2699) as Secretarial Auditor of the Company for the Financial Year 2017 – 18 in terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The report of Secretarial Auditor is attached as Annexure 'II' and forms an integral part of this report.

There are no qualifications or observations or remarks made by the Secretarial Auditor in their Report.

DIRECTORS' REPORT — (Contd.)
17. COMPLIANCE WITH SECRETARIAL STANDARD

Secretarial Standard 1 : Meeting of the Board of Directors and Secretarial Standard 2 : General Meeting, as applicable have been compiled by the Company.

18. CORPORATE SOCIAL RESPONSIBILITY

During the 2017 – 18, your Company achieved profit attracting the applicability of the provisions relating to Corporate Social Responsibility. Accordingly, in compliance with Section 135 of the Act, an amount of ₹ 9.93 Lakh is required to be spent by the Company for CSR activities, that has been carried forward to the next year. The Board has now constituted a Corporate Social Responsibility (CSR) Committee as per the provisions of Section 135 of the Companies Act, 2013. The functions of the CSR Committee will be:

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) ; and
- (c) Monitor the CSR Policy of the Company from time to time.

The members of the CSR Committee will frame a CSR Policy for the Company, for approval by the Board of Directors of the Company which will covers activities relating to

- i) Eradicating extreme hunger and poverty;
- ii) Promotion of education;
- iii) Promoting gender equality and empowering women;
- iv) Ensuring environmental sustainability;
- v) Employment enhancing vocational skills;
- vi) Social business projects;
- vii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or State Governments for socio – economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

The Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014, including a brief outline of the company's CSR Policy, total amount to be spent under CSR for the financial year, amount unspent and the reason for the unspent amount, in the Annexure 'III' forming a part of this report.

19. RELATED PARTY TRANSACTIONS

There were no contracts or arrangement entered into by the Company in accordance with the provisions of Section 188 of the Companies Act, 2013. However, Related Party Transactions are entered in ordinary course of business and in accordance with Indian Accounting Standard 24. The Related Party Transactions are disclosed under Note No. 37

DIRECTORS' REPORT — (Contd.)

of the Financial Statement. There were no materially significant Related Party Transactions made by the Company during the year under review, which may have a potential conflict with the interest of the Company. All related party transactions are placed and approved by Audit Committee and the Board. Accordingly, the Related Party Transaction as required under the Companies Act, 2013 in Form AOC – 2 is not applicable.

20. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of loan given and securities acquired are provided under Note No. 12 and 5 of the Financial Statement respectively. The details of Guarantee given is provided in Note No. 35.01 of the Financial Statement.

21. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT – 9 forming part of this report are attached as Annexure 'IV'.

22. SUBSIDIARIES & ASSOCIATES

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of our Associate Company is given in the prescribed format AOC – 1 which is annexed as Annexure 'V' and forming part of this report.

23. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the Financial year ended on 31st March, 2018, prepared as per the provisions & the Companies Act, 2013 (hereinafter referred to as 'the Act'), Rules framed therein and the applicable Accounting Standards are provided in the Annual Report.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information related to energy conservation, technology absorption and foreign exchange earnings & Outgo in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given as Annexure 'VI' and forming part of this Report.

25. CORPORATE GOVERNANCE

A Report on the Corporate Governance along with a certificate from the Auditors of the Company in compliance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) is attached herewith and marked as Annexure 'VII' forming a part of this Report.

DIRECTORS' REPORT — (Contd.)
26. DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material order has been passed by the Regulators or Courts or Tribunals during the year impacting the going concern status and company's operations in future.

27. MATERIAL CHANGES AND COMMITMENTS

There are no other material changes and commitments during the period between end of the financial year and the date of this report, except the delisting of the Equity (ordinary) shares of the Company from The Calcutta Stock Exchange, the only Stock Exchange where shares of the Company was listed, with effect from 22nd May, 2018., reported elsewhere in this report.

28. VIGIL MECHANISM

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail of the mechanism. Directors and employees have direct access to the Chairman of the Audit Committee.

The Vigil Mechanism (Whistle Blower Policy) is available on the Company's website.

29. RISK MANAGEMENT

Risk Management is very important part of business. The main aim of Risk Management is to identify, monitor and to take step to mitigate the risk of the business. The Audit Committee evaluates risk of the business from time to time and suggest methods to mitigate the same.

30. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDDRESSAL) ACT, 2013

The Company is committed to provide a safe work environment to its employees. During the year under review, no case of sexual harassment was reported.

31. CEO AND CFO CERTIFICATIONS

In accordance with the provisions of the Regulation 17 (8) read with schedule II of Part B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR),

On behalf of the Board,

Kolkata
 30th May, 2018

A. V. Kothari
 Director
 (DIN : 02572346)

A. K. Toshniwal
 Managing Director & CEO
 (DIN : 06872891)

ANNEXURE - I**DETAILS PERTAINING TO REMUNERATION**

As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) & 5(2) of the companies (Appointment and remuneration of managerial personnel) Rules, 2014

- A (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-2018, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-2018 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under.

Sl. No.	Name of the Director / KMP and Designation	Remuneration of Director/ KMP for the financial year 2017-18 (₹ in Lacs)	% Increase in Remuneration in the financial year 2017-18	Ratio of remuneration of each Director / KMP to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1.	Sri Arun Kumar Kothari - Chairman*	0.12	– 81.82	0.05	
2.	Smt. Prabhawati Devi Kothari - Director**	0.06	– 90.00	0.02	
3.	Sri Anand Vardhan Kothari - Director	0.72	33.33	0.30	
4.	Sri Surendra Bagri - Director	0.84	13.51	0.35	
5.	Sri Ajit Khandelwal - Director	0.84	13.51	0.35	
6.	Sri Aniket Agarwal - Director	0.64	10.34	0.27	
7.	Smt. Vedika Kothari - Additional Director***	0.66	0.00	0.27	
8.	Sri A. K. Toshniwal - Managing Director	23.87	6.75	9.90	3.08% of the Net Profit
9.	Sri Rajiv Gupta - Chief Financial Officer	9.56	30.07	3.97	1.23% of the Net Profit
10.	Sri Madan Lal Daga - Company Secretary	16.69	3.34	6.93	2.15% of the Net Profit

*Upto 07/11/2018

**Upto 07/11/2018

***w.e.f. 07/11/2018



ANNEXURE - I (Contd.)

- (ii) The median Remuneration of employees of the Company during the financial year was ₹ 2.41 Lacs p.a.;
 - (iii) In the Financial year, there was increase of 4.50% in the median remuneration of employees;
 - (iv) There are 54 permanent employees on the rolls of the Company as on 31st March, 2018;
 - (v) Relationship between average increase in remuneration and Company performance :- The following factors are considered while giving increase in the remuneration :
 - (a) Financial performance of the company and its sustainability year after year.
 - (b) Industry benchmarking and consideration towards cost of living adjustment / inflation.
 - (vi) Comparison of the remuneration of the Key Managerial Personnel(s) against the performance of the Company :- For the financial year 2017-18 Key Managerial Personnel were paid 6.47% of the net profit of the Company.
 - (vii) Market capitalisation and Price Earnings ratio cannot be assessed, since The Calcutta Stock Exchange is not functional.
- B. Particulars of the employees as required to be reported pursuant to section 197 read with Rules 5(2) of the Companies (Appointment & Remuneration) Rule 2014 is not applicable to the Company.

ANNEXTURE - II**Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st, MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Kothari Phytochemicals & Industries Limited,
C-4, Gillander House,
8, Netaji Subhas Road
Kolkata-700001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kothari Phytochemicals & Industries 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 the Kothari Phytochemicals & Industries Limited, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, 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 Kothari Phytochemicals & Industries Limited for the financial year ended on 31st, March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

ANNEXTURE-II (Contd.)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **The company has not issued any shares during the year.**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Purchase Scheme) Guidelines, 1999;

Not applicable, since the Company has not raised any such scheme as per (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 during the year.

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

Not applicable, since the company has not issued any debt securities during the year (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; **During the year the Company has applied for delisting of shares with The Calcutta Stock Exchange Limited, the only stock exchange where the shares of the Company was listed and have obtained the consent of the members through postal ballot and have also followed the delisting procedure under the Delisting Regulations. Accordingly the Company has issued offer to the Members for tendering their shares to the acquirers so as to give them an Exit Opportunity pursuant to the Delisting Guidelines. The Calcutta Stock Exchange Limited has accorded their approval for delisting of shares from the Stock Exchange w.e.f. 22.05.2018 ;**

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **not applicable, since the company has not bought back any shares during the year"**

- (i) Factories Act, 1948
- (j) Drugs and Cosmetics Act, 1940 and rules made there under.
- (k) Water (prevention and Control of pollution) Act, 1974

ANNEXTURE - II (Contd.)

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Company has entered into Fresh listing Agreements with The Calcutta Stock Exchange Ltd. as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015"

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

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes occurred in the Key Managerial Person during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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.

Kolkata
30th May, 2018

Ashok Kumar Daga
Practicing Company Secretary
FCS-2699 & CP-2948

ANNEXTURE - III
Annual Report on Corporate Social Responsibility (CSR) activities for the financial year ended on 31st March, 2018

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web – link to the CSR policy and projects or programs.	CSR Policy of the Company yet to framed. The CSR Policy will focus on core areas of Environment, Health Care, Education and Community Development. CSR activities will be undertaken either by the Company itself or through a Trust / Section 8 Company or through any other Trust engaged in similar projects and activities.
2	Composition of the CSR Committee	1. Mr. A. Khandelwal – Independent – Chairman 2. Mr. A. V. Kothari – Director 3. Mr. S. Bagri – Independent
3.	Average net profit of the Company for the last three financial years :	₹ 496.33 Lakh
4.	Prescribed CSR Expenditure (2 % of the amount as in item 3 above) :	₹ 9.93 Lakh
5.	Details of CSR spent for the financial year: (1) Total Amount to be spent for the Financial Year (2) Amount unspent if any (3) Manner in which the amount spent during the financial year.	₹ 9.93 Lakh ₹ 9.93 Lakh Not spent during the year, and will be spent during the current year, after identification of some projects.

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.

On behalf of the Board

Kolkata
30th May, 2018

A. V. Kothari
Director
DIN : 02572346

A. Khandelwal
Chairman – CSR Committee
DIN : 00416445

ANNEXURE - IV
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1. CIN	L15491WB1897PLC001365
2. Registration Date	10/03/1897
3. Name of the Company	Kothari Phytochemicals & Industries Limited
4. Category / Sub-Category of the Company	Category : Company Limited by Shares Sub-Category : Indian Non-Government Company
5. Address of the Registered Office & Contact details	C-4, Gillander House, 8, Netaji Subhas Road, Kolkata-700 001 Phone No. : 91-33-2230-2331 (6 Lines) E-mail : mldaga1957@yahoo.co.in
6. Whether listed company	Yes.
7. Name, Address & Contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001 Phone No. : 91-33-2243-5029 / 2248-2248/2231-6839 Fax : 91-33-2248-4787 E-mail : mdpldc@yahoo.com

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) :

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the company
1.	Veterinary preparations : Strychnine & its Salts	21005	56%
2.	Organic and Inorganic Chemical Compounds : Phenolic Resin	20119	26%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Gillanders Arbuthot & Company Limited C-4, Gillander House, 8, N.S. Road, Kolkata-700 001	L51909WB1935PLC008194	Associate	25.78%	2 (6)

ANNEXURE - IV (Contd.)**IV. SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity) :

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st 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	76840	0	76840	1.9788	76858	0	76858	1.9793	0.0005
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2773605	0	2773605	71.4262	3778629	213	3778842	97.3131	25.8869
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	2850445	0	2850445	73.4050	3855487	213	3855700	99.2924	25.8874
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	2850445	0	2850445	73.4050	3855487	213	3855700	99.2924	25.8874

ANNEXURE - IV (Contd.)

i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st 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	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	0	4853	4853	0.1250	0	0	0	0.000	-0.1250
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Alternate Investment Fund	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	0	4853	4853	0.1250	0	0	0	0.000	-0.1250



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KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED
CIN : L15491WB1897PLC001365

ANNEXURE - IV (Contd.)

i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st 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	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	516000	369	516369	13.2976	0	369	369	0.0095	-13.2881
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8913	15071	23984	0.6176	4015	14603	18618	0.4795	-0.1381
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	162000	0	162000	4.1718	0	0	0	0.0000	-4.1718
c) Others (Specify)									
Non Resident Indians	4	3520	3524	0.0908	4	3520	3524	0.0908	0.0000
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - DR	-	-	-	-	-	-	-	-	-



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CIN : L15491WB1897PLC001365

ANNEXURE - IV (Contd.)

i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st 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	
Foreign Portfolio Investors	–	–	–	–	–	–	–	–	–
NBFCs registered with RBI	322000	0	322000	8.2922	0	0	0	0.0000	– 8.2922
Employee Trusts	–	–	–	–	–	–	–	–	–
Domestic Corporate Unclaimed Shares Account	–	–	–	–	–	–	–	–	–
Investor Education and Protection Fund Authority	0	0	0	0.0000	4964	0	4964	0.1278	0.1278
Sub-total(B)(2)	1008917	18960	10 27877	26.4700	8983	18492	27475	0.7076	–25.7625
Total Public Shareholding (B)=(B)(1)+(B)(2)	1008917	23813	1032730	26.5950	8983	18492	27475	0.7076	–25.8875
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	3859362	23813	3883175	100.0000	3864470	18705	3883175	100.0000	0.0000

ANNEXURE - IV (Contd.)

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	COMMERCIAL HOUSE PRIVATE LIMITED	755414	19.4535	0.0000	755414	19.4535	0.0000	0.0000
2	KOTHARI & COMPANY PRIVATE LIMITED	594960	15.3215	0.0000	594960	15.3215	0.0000	0.0000
3	M. D. KOTHARI & COMPANY LIMITED	576525	14.8467	0.0000	576525	14.8467	0.0000	0.0000
4	KOTHARI INVESTMENT & INDUSTRIES PRIVATE LIMITED	550720	14.1822	0.0000	750720	19.3326	0.0000	5.1504
5	VISHNUHARI INVESTMENTS & PROPERTIES LIMITED	241568	6.2209	0.0000	491568	12.6589	0.0000	6.4380
6	UMA BINANI	36000	0.9271	0.0000	36000	0.9271	0.0000	0.0000
7	BHAKTWATSAL INVESTMENTS LIMITED	24459	0.6299	0.0000	214459	5.5228	0.0000	4.8929
8	KOTHARI CAPITAL & SECURITIES PRIVATE LIMITED	20959	0.5397	0.0000	20959	0.5397	0.0000	0.0000
9	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF	19040	0.4903	0.0000	19040	0.4903	0.0000	0.0000
10	ANAND VARDHAN KOTHARI	13300	0.3425	0.0000	13300	0.3425	0.0000	0.0000
11	PREMIER SUPPLIERS PRIVATE LIMITED	8000	0.2060	0.0000	8000	0.2060	0.0000	0.0000
12	PRABHAWATI DEVI KOTHARI	6500	0.1674	0.0000	6500	0.1674	0.0000	0.0000
13	ARUN KUMAR KOTHARI	2000	0.0515	0.0000	2018	0.0520	0.0000	0.0000
14	SATYAM FINANCIAL SERVICES LIMITED	1000	0.0258	0.0000	1000	0.0258	0.0000	0.0000
15	G. DAS & COMPANY PRIVATE LIMITED	0	0.0000	0.0000	175,237	4.5127	0.0000	4.5127
16	ALBERT DAVID LIMITED	0	0.0000	0.0000	190000	4.8929	0.0000	4.8929
	TOTAL	2850445	73.4050	0.0000	3855700	99.2924	0.0000	25.8874



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ANNEXURE - IV (Contd.)

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

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BHAKTWATSAL INVESTMENTS LIMITED At the beginning of the year As on 23/03/2018 - Transfer At the end of the year	24459 (+) 190000	0.6299 (+) 4.8929	24459 214459 214459	0.6299 5.5228 5.5228
2	COMMERCIAL HOUSE PRIVATE LIMITED At the beginning of the year At the end of the year	755414	19.4535	755414 755414	19.4535 19.4535
3	KOTHARI CAPITAL & SECURITIES PRIVATE LIMITED At the beginning of the year At the end of the year	20959	0.5397	20959 20959	0.5397 0.5397
4	KOTHARI & COMPANY PRIVATE LIMITED At the beginning of the year At the end of the year	594960	15.3215	594960 594960	15.3215 15.3215
5	VISHNUHARI INVESTMENTS & PROPERTIES LIMITED At the beginning of the year As on 23/03/2018 - Transfer At the end of the year	241568 (+) 250000	6.2209 (+) 6.4380	241568 491568 491568	6.2209 12.6589 12.6589
6	KOTHARI INVESTMENT & INDUSTRIES PRIVATE LIMITED At the beginning of the year As on 23/03/2018 - Transfer At the end of the year	550720 (+) 200000	14.1822 (+) 5.1504	550720 750720 750720	14.1822 19.3326 19.3326
7	M. D. KOTHARI & COMPANY LIMITED At the beginning of the year At the end of the year	576525	14.8467	576525 576525	14.8467 14.8467
8	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year At the end of the year	19040	0.4903	19040 19040	0.4903 0.4903

ANNEXURE - IV (Contd.)

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

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	ARUN KUMAR KOTHARI At the beginning of the year As on 28/04/2017 - Transfer As on 01/12/2017 - Transfer At the end of the year	2000 (+) 6 (+) 12	0.0515 (+) 0.0002 (+) 0.0003	2000 2006 2018 2018	0.0515 0.0517 0.0520 0.0520
10	SATYAM FINANCIAL SERVICES LIMITED At the beginning of the year At the end of the year	1000	0.0258	1000 1000	0.0258 0.0258
11	PRABHAWATI DEVI KOTHARI At the beginning of the year At the end of the year	6500	0.1674	6500 6500	0.1674 0.1674
12	ANAND VARDHAN KOTHARI At the beginning of the year At the end of the year	13300	0.3425	13300 13300	0.3425 0.3425
13	UMA BINANI At the beginning of the year At the end of the year	36000	0.9271	36000 36000	0.9271 0.9271
14	PREMIER SUPPLIERS PRIVATE LIMITED At the beginning of the year At the end of the year	8000	0.2060	8000 8000	0.2060 0.2060
15	G. DAS & COMPANY PRIVATE LIMITED At the beginning of the year As on 23/03/2018 - Transfer As on 31/03/2018 - Transfer At the end of the year	0 (+) 175024 (+) 213	0.0000 (+) 4.5072 (+) 0.0055	0 175024 175237 175237	0.0000 4.5072 4.5127 4.5127
16	ALBERT DAVID LIMITED At the beginning of the year As on 23/03/2018 - Transfer At the end of the year	0 (+) 190000	0.0000 (+) 4.8929	0 190000 190000	0.0000 4.8929 4.8929

ANNEXURE - IV (Contd.)

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

SI No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BNK SECURITIES PRIVATE LIMITED # At the beginning of the year As on 09/03/2018 - Transfer As on 23/03/2018 - Transfer At the end of the year	170000 (+) 518000 (-) 688000	4.3779 (+) 13.3396 (-) 17.7175	170000 688000 0 0	4.3779 17.7175 0.0000 0.0000
2	BNK CAPITAL MARKETS LIMITED # At the beginning of the year As on 09/03/2018 - Transfer As on 23/03/2018 - Transfer At the end of the year	322000 (-) 172000 (-) 150000	8.2922 (-) 4.4294 (-) 3.8628	322000 150000 0 0	8.2922 3.8628 0.0000 0.0000
3	JAYSHREE NIRMAN LIMITED # At the beginning of the year As on 09/03/2018 - Transfer At the end of the year	176000 (-) 176000	4.5324 (-) 4.5324	176000 0 0	4.5324 0.0000 0.0000
4	ASIAN SECURITIES EXCHANGE PRIVATE LIMITED # At the beginning of the year As on 09/03/2018 - Transfer At the end of the year	170000 (-) 170000	4.3779 (-) 4.3779	170000 0 0	4.3779 0.0000 0.0000
5	ASHOK KUMAR BANKA # At the beginning of the year As on 23/03/2018 - Transfer At the end of the year	162000 (-) 162000	4.1718 (-) 4.1718	162000 0 0	4.1718 0.0000 0.0000
6	ASHA DEVI SABOO # At the beginning of the year As on 23/03/2018 - Transfer At the end of the year	4000 (-) 4000	0.1030 (-) 0.1030	4000 0 0	0.1030 0.0000 0.0000
7	PRINCESS SHOBHANA RANA At the beginning of the year At the end of the year	3520	0.0906	3520 3520	0.0906 0.0906

ANNEXURE - IV (Contd.)

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

SI No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	VIVEK SJB RANA				
	At the beginning of the year	1600	0.0412	1600	0.0412
	At the end of the year			1600	0.0412
9	JOGENDRA KRISTO DUTT				
	At the beginning of the year	814	0.0210	814	0.0210
	At the end of the year			814	0.0210
10	INVESTOR EDUCATION AND PROTECTION FUND #				
	At the beginning of the year	4853	0.1250	4853	0.1250
	As on 24/11/2017 - Transfer	(-) 4853	(-) 0.1250	0	0.0000
	At the end of the year			0	0.0000
11	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS *				
	At the beginning of the year	0	0.0000	0	0.0000
	As on 24/11/2017 - Transfer	(+) 4964	(+) 0.1278	4964	0.1278
	At the end of the year			4964	0.1278
12	B. L. DAMANI *				
	At the beginning of the year	800	0.0206	800	0.0206
	At the end of the year			800	0.0206
13	PREM MEHTA *				
	At the beginning of the year	800	0.0206	800	0.0206
	At the end of the year			800	0.0206
14	MOHAN LALL DAGA *				
	At the beginning of the year	795	0.0205	795	0.0205
	At the end of the year			795	0.0205
15	RAM RATAN MOHTA *				
	At the beginning of the year	500	0.0129	500	0.0129
	At the end of the year			500	0.0129
16	NRIPAL KRISHNA MAITRA *				
	At the beginning of the year	400	0.0103	400	0.0103
	At the end of the year			400	0.0103
17	GOPAL KRISHNA MAITRA *				
	At the beginning of the year	400	0.0103	400	0.0103
	At the end of the year			400	0.0103

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.

* 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.

ANNEXURE - IV (Contd.)

v) Shareholding of Directors and Key Managerial Personnel

SI No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ARUN KUMAR KOTHARI (UPTO 07/11/2017) KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year [As on 01/04/2017] At the end of the year [As on 31/03/2018]	19040	0.4903	19040 19040	0.4903 0.4903
2	ARUN KUMAR KOTHARI (UPTO 07/11/2017) At the beginning of the year [As on 01/04/2017] As on 28/04/2017 - Transfer As on 01/12/2017 - Transfer At the end of the year [As on 31/03/2018]	2000 (+) 6 (+) 12	0.0515 (+) 0.0002 (+) 0.0003	2000 2006 2018 2018	0.0515 0.0517 0.0520 0.0520
3	PRABHAWATI DEVI KOTHARI (UPTO 07/11/2017) At the beginning of the year [As on 01/04/2017] At the end of the year [As on 31/03/2018]	6500	0.1674	6500 6500	0.1674 0.1674
4	ANAND VARDHAN KOTHARI At the beginning of the year [As on 01/04/2017] At the end of the year [As on 31/03/2018]	13300	0.3425	13300 13300	0.3425 0.3425
5	MADAN LAL DAGA At the beginning of the year [As on 01/04/2017] At the end of the year [As on 31/03/2018]	25	0.0006	25 25	0.0006 0.0006
6	SURAJ DAGA At the beginning of the year [As on 01/04/2017] At the end of the year [As on 31/03/2018]	1	0.0000	1 1	0.0000 0.0000

ANNEXURE - IV (Contd.)
V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,000,000.00	20,000,000.00	–	30,000,000.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	10,000,000.00	20,000,000.00	–	30,000,000.00
Change in Indebtedness during the financial year				
*Addition	–	–	–	–
*Reduction	10,000,000.00	20,000,000.00	–	30,000,000.00
Net Change	(10,000,000.00)	(20,000,000.00)	–	(30,000,000.00)
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

ANNEXURE - IV (Contd.)
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A . Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTM/Manager	Total Amount
		Sri. A. K. Tonshniwal Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,382,000.00	2,382,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,184.00	5,184.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission		
	- as % of profit	—	—
	- others, specify...	—	—
5	Others, please specify	—	—
	Total (A)	2,387,184.00	2,387,184.00
	Ceiling as per the Act *		

* The limit is well within the limits prescribed under the Companies Act, 2013.

ANNEXURE - IV (Contd.)
B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Sri Surendra Bagri	Sri Ajit Khandelwal	Sri Aniket Agarwal	-	
	Fee for attending board/ committee meetings	24,000.00	24,000.00	4,000.00	-	52,000.00
	Commission	60,000.00	60,000.00	60,000.00	-	180,000.00
	Others, please specify	-	-	-	-	-
	Total (1)	84,000.00	84,000.00	64,000.00	-	232,000.00
2	Other Non-Executive Directors	Sri Arun Kumar Kothari **	Smt. Prabhawati Devi Kothari***	Sri Anand Vardhan Kothari	Smt. Vedika Kothari****	
	Fee for attending board/ committee meetings	12,000.00	6,000.00	12,000.00	6,000.00	36,000.00
	Commission	-	-	60,000.00	60,000.00	120,000.00
	Others, please specify	-	-	-	-	-
	Total (2)	12,000.00	6,000.00	72,000.00	66,000.00	156,000.00
	Total (B)=(1+2)	96,000.00	90,000.00	1,36,000.00	66,000.00	388,000.00
	Overall Ceiling as per the Act *					

* The remuneration is well within the limits prescribed under the Companies Act, 2013.

** Upto 7th November, 2017.

*** Upto 7th November, 2017.

**** Appointed as an Additional Director w.e.f. 7th November, 2017

ANNEXURE - IV (Contd.)
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Sri Madan Lal Daga	Chief Financial Officer Sri Rajiv Gupta	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,632,369.00	905,472.00	2,537,841.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	36,731.00	50,492.00	87,223.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	1,669,100.00	955,964.00	2,625,064.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

ANNEXURE - V
Form AOC – 1

(Pursuant to first proviso to sub – section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / associate companies / joint ventures

Part “A” : Subsidiaries

NOT APPLICABLE

(Information in respect of each subsidiary to be presented with amounts in ₹)

1. Sl. No.
2. Name of the Subsidiary
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.
5. Share capital
6. Reserves & Surplus
7. Total assets
8. Total Liabilities
9. Investments
10. Turnover
11. Profit before taxation
12. Provision for taxation
13. Profit after taxation
14. Proposed Dividend
15. % of shareholding

Notes : The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations.
2. Names of subsidiaries which have been liquidated or sold during the year.

ANNEXURE - V (Contd.)
Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures	Gillanders Arbuthnot & Company Limited
1. Latest audited Balance Sheet Date	30th May, 2018.
2. Shares of Associate / Joint Ventures held by the company on the year end	
No.	55,01,078
Amount of Investment in Associates / Joint Venture	₹ 51,748,615/-
Extent of Holding %	25.78 %
3. Description of how there is Significant influence	Significant influence arises by adequate voting right.
4. Reason why the associate / joint-venture is not consolidated	N.A
5. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 6,280.19 Lakh (25.78% of ₹ 24,360.71 Lakh)
6. Profit / Loss for the year	
i. Considered in Consolidation	Net Loss ₹ 274.17 Lakh & Other Comprehensive Income ₹ 89.98 Lakh
ii. Not Considered in Consolidation	

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL

Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.
On behalf of the Board

 Kolkata,
30th May, 2018

 R. Gupta
Chief Financial Officer

 M. L. Daga
Company Secretary
M. No. F2650

 A. V. Kothari A. K. Toshniwal
Director Mg. Director
DIN : 02572346 DIN : 06872891

ANNEXURE - VI
INFORMATION PURSUANT TO SEC. 134 (3) (m) OF THE COMPANIES ACT, 2013 AND RULE 8 (3) (A) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO
(A) Conservation of energy:
i. Steps taken or impact on conservation of energy

- a. Mercury lamps have been replaced with energy efficient LED lights inside the plant.
- b. The Transformer in the Substation has been overhauled, cleaned and changed the oil, thereby reducing power loss.
- c. High horse power Motors have been provided with individual capacitors instead of a common capacitor in the panel. This would make the operation of high HP motors more efficient.
- d. To prevent power loss we are in the process of replacing suitable capacity cables inside the plant.

ii. Steps taken for utilising alternate sources of energy

We are actively studying the implementation of Solar Street Lights as an alternate source of energy.

iii. Capital Investment on Energy Conservation Equipment

No capital expenditures were incurred for Energy Conservation Equipment. However, balancing equipment and devices, Motors, Lamps, capacitors, cables etc. as and when used have been debited to the respective expenditure in the Statement of Profit & Loss.

(B) Technology Absorption:

No new technology was used and as such only the marginal benefit of product improvement depending on the market situation has been derived. No research expenditure was incurred in relation to technology absorption.

(C) Foreign Exchange Earnings & Outgo:

Particulars	2017-18	2016-17
Earnings (₹)	1607.81 Lakh	1285.78 Lakh
Outgo (₹)	3.49 Lakh	7.00 Lakh

ANNEXURE - VII
REPORT ON CORPORATE GOVERNANCE

[Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)]

1. Company's Philosophy on Code of Governance

The Company recognizes the importance of good Corporate Governance, which is a tool for building a strong and everlasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors. The Company believes that its key decisions must serve the underlying goals of enhancing shareholders' value over a sustained period of time, and achieving the definite and measurable performance targets.

2. Board of Directors
(a) Composition

The Board comprises of Six Directors consisting one Non - Executive Director, one Non – Executive Woman Director, one Executive Director and three Independent Directors.

Non Executive Directors are skilled and professional people with expertise in finance, administration, human resource and economics. Independent Directors are independent of management and take independent judicial decisions.

The particulars of their other Directorship and Chairmanships / Memberships in the Board of other Companies and the Committees thereof as on 31st March, 2018 are as under: -

Name of Director	DIN	No. of other Directorship in Public Limited Companies incorporated in India****	No. of Other Committee # Positions held		No. of Shares held in the Company
			As Chairman	As Member	
Sri A. K. Kothari*	00051900	5	-	6	21058
Smt. P. D. Kothari**	00051860	3	-	2	6500
Sri A. V. Kothari	02572346	-	-	-	13300
Sri S. Bagri	00659888	-	-	-	-
Sri A. Khandelwal	00416445	4	2	3	-
Sri A. Agarwal	00054252	-	-	-	-
Sri A. K. Toshniwal	06872891	-	-	-	-
Smt. Vedika Kothari***	07189991	2	-	-	-

* Upto 7th November, 2017.

** Upto 7th November, 2017.

*** Appointed as an Additional Director w. e. f. 7th November, 2017.

**** Excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act' 2013.

Pursuant to Regulation 26 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) only two committees viz., Audit and Stakeholders Relationship Committee, have been considered for this purpose.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
(b) Attendance of Directors at the Board Meetings and last AGM

During the financial year 2017 - 2018, the Board met five times on 30th May, 5th September, 7th November, 14th December, 2017 and 14th February, 2018.

Directors attending the Board Meetings and last Annual General Meeting are as follows:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM on 05.09.2017
Sri A. K. Kothari*	Non - Executive Chairman	3	Yes
Smt. P. D. Kothari**	Non - Executive	3	Yes
Sri A. V. Kothari	Non - Executive	4	No
Sri S. Bagri	Non - Executive, Independent	5	Yes
Sri A. Khandelwal	Non - Executive, Independent	5	Yes
Sri A. Agarwal	Non - Executive, Independent	1	No
Sri A. K. Toshniwal	Executive – Managing Director	3	Yes
Smt. Vedika Kothari***	Additional Director - Non Executive	2	N/A

* Upto 7th November, 2017.

** Upto 7th November, 2017.

*** Appointed as an Additional Director w. e. f. 7th November, 2017.

Code of Conduct for Board Members & Senior Management

The Board of Directors has laid down the Code of Conduct for all members of the Board and Senior Management of the Company. All the Board members and Senior Management Personnels have complied with the Code of Conduct. The Code of Conduct for Board Members and Senior Management of the company is posted on the website of the Company and may be accessed at the link <https://www.kothariphyto.com/cc.php>.

Information about Directors seeking re - appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) with the Stock Exchange is furnished below:

Brief Resume and other particulars of the Directors seeking Appointment / Re - appointment.

- (1) **Sri Anand Vardhan Kothari**, aged about 28 years, is a Bachelor of Business Administration (BBA). He is very young, energetic with good business acumen and commercial prudence. Sri Arun Kumar Kothari & Smt. Prabhawati Devi Kothari, both promoter and shareholder are related to Sri Anand Vardhan Kothari, as father and mother respectively. Smt. Vedika Kothari, director is related to Sri A. V. Kothari, as Spouse. Details of his other Directorships are as follows :-

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

Name of Company	Nature of Office
Premier Suppliers Private Limited	Director

- (2) **Smt. Vedika Kothari**, aged about 27 years, is a "Master of Business Administration (MBA)". She is very young, energetic with good business acumen and commercial prudence. Sri Arun Kumar Kothari & Smt. Prabhawati Devi Kothari, both promoter and shareholder are related to Smt. Vedika Kothari, as father in law and mother in law respectively. Sri Anand Vardhan Kothari, director is related to Smt. Vedika Kothari, as Spouse. Details of her other Directorships are as follows :-

Sl. No.	Name of Company	Nature of Office
1	Premier Suppliers Private Limited	Director
2	Vishnuhari Investment & Properties Limited	Director
3	M. D. Kothari & Company Limited	Director

3. Committees of the Board
(a) Audit Committee

The Committee consists of three members, with the majority being independent directors having financial and accounting knowledge. The members of the Committee are Sri S. Bagri, Chairman, Sri A. K. Kothari (Upto 7th November, 2017), Sri A. Khandelwal, and Sri A. V. Kothari (w. e. f. 7th November, 2017) members.

The Audit Committee met five times during the year under report, on 30th May, 5th September, 7th November, 14th December, 2017 and 14th February, 2018.

The details of attendance of each member at these meetings are as follows: -

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	5
Sri A. K. Kothari*	3
Sri A. Khandelwal	5
Sri A. V. Kothari**	2

* Upto 7th November, 2017.

** Appointed as a member w. e. f. 7th November, 2017.

At the invitation of the Company, Statutory Auditors and Internal Auditors also attend the Audit Committee meetings.

ANNEXURE - VII (Contd.)**REPORT ON CORPORATE GOVERNANCE**

The terms of reference of the audit Committee include the powers set out in Regulation 18 (2) (c), role and review of information as specified in part C of Schedule II pursuant to Regulation 18 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and broadly covers inter alia overseeing the Company's financial reporting process, financial statements and also fully conform to the requirements of Section 177 of the Companies Act' 2013.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three members, with the majority being independent directors having financial and accounting knowledge. The members of the Committee are Sri S. Bagri, Chairman, Sri A. K. Kothari (Upto 7th November, 2017), Sri A. Khandelwal and Sri A. V. Kothari (w. e. f. 7th November, 2017) members.

The Committee once met during the year under report on 7th Nov, 2017 which was attended by Sri S. Bagri, Sri A. K. Kothari and Sri A. Khandelwal.

The role and terms of reference of the Nomination and Remuneration Committee cover all the matters specified under Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as well as Section 177 of the Companies Act, 2013.

The Board has framed Nomination and Remuneration Policy which is placed on the Company's website and the web link for the same is <https://www.kothariphyto.com/nmp.php>

The criteria for performance evaluation of Independent directors are as under-

AREAS OF EVALUATION

1. Frequency of meeting attended.
2. Quality, quantity and timeliness of flow of information to the Board.
3. Opportunity to discuss matters of critical importance, before decisions are taken.
4. Familiarity with the objects, operations and other functions of the Company.
5. Importance given to Internal Audit Reports, Management responses and steps towards improvement.
6. Avoidance of conflict of interest.
7. Exercise of fiscal oversight and monitoring financial performance.

ANNEXURE - VII (Contd.)**REPORT ON CORPORATE GOVERNANCE**

8. Level of monitoring of Corporate Governance Regulations and compliance.
9. Adherence to Code of Conduct and Business ethics by directors individually and collectively.
10. Monitoring of Regulatory compliances and risk assessment.
11. Review of Internal Control Systems.
12. Performance of the Chairperson of the Company including leadership qualities.
13. Performance of the Managing Director.
14. Overall performance of the Board / Committees.

(c) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Sri A. Khandelwal, Chairman, Smt. P. D. Kothari (Upto 7th November, 2017), Sri S. Bagri, Smt. Vedika Kothari (w. e. f. 7th November, 2017) members. The Company Secretary acts as the Compliance Officer.

The Committee met once during the year under review, on 14th February, 2018, which was attended by all the three Members.

During the year the Company has received 2 (Two) complaints from the Shareholders regarding non receipt of Share Certificates, which were attended and their grievances were satisfactorily redressed. There was no Investors' complaint pending against the Company as on 31st March, 2018.

None of the Complaints remain pending as a matter of routine practice, for a period exceeding 30 days. All requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

(d) Corporate Social Responsibility Committee

The Board has constituted at today's meeting on 30th May, 2018 a CSR Committee consisting of Mr. A. Khandelwal, Mr. S. Bagri (Independent Directors) and Mr. A. V. Kothari, Director, Mr. A. Khandelwal being Chairman of the Committee. The CSR Committee will meet and frame a CSR Policy for approval by the Board of Directors of the Company.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
4. Details of Remuneration / Fees paid to Directors

Name	Designation	Salary (₹)	Perquisites (₹)	Commission**** (₹)	Board Fees (₹)	Committee Fees ₹				Total (₹)
						Audit	Nomination and Remuneration	Stake holders Relationship	Independent Directors	
Sri A. K. Kothari*	Non – Executive Chairman	-	-	-	6,000	6,000	-	-	-	12,000
Smt. P. D. Kothari**	Non – Executive	-	-	-	6,000	-	-	-	-	6,000
Sri A. V. Kothari	Non - Executive	-	-	60,000	8,000	4,000	-	-	-	72,000
Sri S. Bagri	Non – Executive, Independent	-	-	60,000	10,000	10,000	-	2,000	2,000	84,000
Sri A. Khandelwal	Non – Executive, Independent	-	-	60,000	10,000	10,000	-	2,000	2,000	84,000
Sri A. Agarwal	Non – Executive, Independent	-	-	60,000	2,000	-	-	-	2,000	64,000
Sri A. K. Toshniwal	Executive - Managing Director	15,60,000	8,27,184	-	-	-	-	-	-	23,87,184****
Smt. Vedika Kothari***	Additional Director - Non - Executive	-	-	60,000	4,000	-	-	2,000	-	66,000

* Upto 7th November, 2017.

** Upto 7th November, 2017.

*** Appointed as an Additional Director w. e. f. 7th November, 2017.

**** Excluding Provision for Leave and Gratuity.

***** The commission for the year ended 31st March, 2018 will be paid to the Directors, subject to deduction of tax at source after adoption of accounts by the shareholders at the ensuing Annual General Meeting.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
Disclosure pursuant to Part – II, Section – II, Third Provision, Point No. IV of Schedule – V under Section 196 and 197 of the Companies Act, 2013.

- i) All elements of remuneration package such as salary, benefits, bonuses, pension etc. of all the Directors.

a)	Sri A. K. Toshniwal	Salary & Special Allowance	₹ 2,070,000/-
		House Rent Allowance	₹ 124,800/-
		Provident Fund	₹ 187,200/-
		Medical Allowance	₹ 5,184/-
b)	Other Directors	Fees for attending Board/Committees Meetings and Commission as mentioned above.	

- ii) Service contract, notice period, severance fees of Sri A. K. Toshniwal, Managing Director, is as under :

Period of Contract	From 1st April, 2017 to 31st March, 2020
Notice Period	Three months notice
Severance Fees	None

5. Independent Directors Meeting

During the year one meeting of Independent directors was held on 14th Feb' 2018 without the presence of the Executive Directors or Management Personnel. The purpose of the meeting was to evaluate the performance of the Managing Director as well and Board as a whole. The meeting also assessed the quality of flow of information at different levels.

6. General Body Meetings
(a) The Details of the last three Annual General Meeting held are as under :

AGM	Day	Date	Time	Venue	Whether Special Resolution passed
119 th	Friday	11.09.2015	10.30 A. M	Indian Chamber of Commerce 4, India Exchange Place, Kolkata – 700 001	<ul style="list-style-type: none"> • Payment of commission to Non - Executive Directors. • Creation of Charges u/s 180 (1) (a) on the assets of the Company in respect of borrowing power from Banks and other Institutions.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

AGM	Day	Date	Time	Venue	Whether Special Resolution passed
120 th	Monday	19.09.2016	10.30 A. M.	Indian Chamber of Commerce 4, India Exchange Place, Kolkata – 700 001	<ul style="list-style-type: none"> Authorised Board of Directors for giving Loans, Guarantees, acquiring securities of other bodies Corporate etc. in excess of prescribed percentages u/s 186 of the Companies Act, 2013, upto a limit of ₹ 100 Crore.
121 th	Tuesday	05.09.2017	11.00 A. M.	- DO -	<ul style="list-style-type: none"> Payment of commission to Non - Executive Directors.

(a) Details on Postal Ballot

Sl.No.	Particulars	Status
1.	Whether any special resolution passed last year through postal ballot - details of voting pattern	Yes Date of passing : 15.01.2018 E – Voting Shareholder's approval for delisting of shares of Company from The Calcutta Stock Exchange Limited, the only Stock Exchange where shares of the Company was listed.
2.	Person who conducted the postal ballot exercise	CS A K Labh, Practicing Company Secretary FCS – 4848 / CP – 3238
3.	Whether any special resolution is proposed to be conducted through postal ballot	If a need arises, it may be conducted
4.	Procedure for postal ballot	As given in Section 110 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
7. Means of Communication

Sl.No.	Particulars	Status
1.	Quarterly results	Quarterly / half – yearly / annual financial results are submitted at Calcutta Stock Exchange.
2.	Newspaper wherein results normally published	Business Standard (English) and Arthik Lipi (Bengali).
3.	Website where displayed	https://www.kothariphyto.com
4.	Whether website displays official news release	Financial information, shareholding pattern, codes & policies etc. are updated on website https://www.kothariphyto.com
5.	Presentation made to institutional investors or analyst	No.

8. General Shareholders' Information

Date, time & venue of the Annual General Meeting	Tuesday 20th September, 2018 at 11.00 A.M. at the Indian Chamber of Commerce, Auditorium 4, India Exchange Place, 10th Floor, Kolkata - 700 001	
Financial Calendar 2018-2019 (tentative and subject to change)	<ul style="list-style-type: none"> Financial Year Quarterly and Annual Results for the year ending 31st March 2019 	April to March <ul style="list-style-type: none"> Quarterly results not applicable as the Company has been delisted from The Calcutta Stock Exchange Limited w.e.f. 22nd May, 2018, the only stock exchange where the shares of the Company was listed. Audited Annual Results will be made out within the time stipulated under the Companies Act, 2013.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

Dividend Payment Date	After 20th September, 2018 within stipulated time.
Book Closure Period	Friday 14th September, 2018 to Thursday 20th September, 2018 (both days inclusive)
Stock Code	CSE : Physical – 21160 Demat – 10021160
E-Voting	Date and Time : From 17th September, 2018 (9.00 a.m.) till 19th September, 2018 (5.00 p.m.)
NSDL / CDSL – ISIN No.	INE264E01016.
Listing at Stock Exchange	The Calcutta Stock Exchange Limited. 7 Lyons Range, Kolkata – 700 001. (Delisted from The Calcutta Stock Exchange Limited w. e. f. 22 nd May, 2018, only stock exchange where the shares of the Company was listed) Upto date Listing Fees has been paid to the Stock Exchange.
In case the securities are suspended from trading, reason thereof	No Order was passed for Company's securities being suspended from trading.
Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity	No.

Distribution of shareholding as on 31st March, 2018

Ordinary Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 – 500	2612	99.01	14395	0.37
501 – 1000	5	0.19	4209	0.11
1001 – 5000	4	0.15	12102	0.31
5001 – 10000	2	0.08	14500	0.37
10001 – 50000	5	0.19	113758	2.93
50001 – 100000	–	–	–	–
Above 100000	10	0.38	3724211	95.91
Total	2638	100	3883175	100

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
Shareholding pattern as on 31st March, 2018

Category	No. of Shares Held	% of Shares Held
Indian Promoters	3855700	99.29
Nationalised Banks & Mutual Funds	—	—
NRI / OCBs	3524	0.09
Public	23951	0.62
Total	3883175	100.00

Stock Market Price : Shares of the Company were not traded in the Stock Exchange during the year. Accordingly, comparison of the Company's Shares with BSE Sensex could not be given.

Registrars & Share : Maheshwari Datamatics Private Limited

Transfer Agent 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700 001.

Ph: (033) 2243 – 5029 / 2248 – 2248 / 2231 - 6839

Fax: (033) 2248 – 4787

E – mail: mdpldc@yahoo.com

Share Transfer System : Requests for transfer of shares in physical form are registered and returned within 15 days of lodgement thereof, if the documents are complete in all respects. The Registrars & Share Transfer Agent processes the shares lodged for transfer and the Compliance Officer then monitors and approves the transfer of shares and reports the status of shares transferred to the Company's Board at each of its meetings. The Company also offers the facility of Transfer – cum – Demat to its shareholders. Dematerialisation requests are normally disposed off within a period of 15 Days.

**Dematerialisation of :
Shares and Liquidity** : The Company has entered into Agreements with both the Depositories registered under the Depositories Act, 1996, i. e. NSDL and CDSL to facilitate holding and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996. As on 31st March 2018, shares representing total Ordinary Share Capital of the Company were held as under:

ANNEXURE - VI (Contd.)
REPORT ON CORPORATE GOVERNANCE

Depositories Act, 199. As on 31st March 2018, shares representing total Ordinary Share Capital of the Company were held as under.

	No. of Shares	Percentage of Total Capital
In Dematerialised form	38,64,470	99.52%
In Physical form	18,705	0.48%
	<u>38,83,175</u>	<u>100%</u>

Commodity Price Risk/Foreign Exchange Risk and Hedging : The Company did not engage in hedging activities.

Plant Locations : **(A) Phytochemical Division**
 Nagari, Thanichchiyam Post – 625 221
 Madurai, Tamilnadu

(B) Claro India Division
 B – 7, SIPCOT Industrial Complex,
 Gummidipoondi – 601 201, Tamilnadu

Address for Correspondence

- (a) For Transfer of physical shares, request for dematerialization of shares, change of mandates/ address or any other query : Maheshwari Datamatics Private Limited
 23, R.N. Mukherjee Road, 5th Floor.
 Kolkata – 700 001
 Ph: (033) 2243 - 5029/2248-2248/2231-6839
 Fax : (033) 2248-4787
 Email: mdpldc@yahoo.com
- (b) For any investor grievance : The Company Secretary cum Compliance Officer
 Kothari Phytochemicals & Industries Limited
 C - 4, Gillander House, 8, N.S. Road,
 Kolkata – 700 001
 Ph: (033) 2230-2331 (6 lines)
 Email : mldaga1957@yahoo.co.in

9. Disclosures

- (i) During the financial year ended 31st March, 2018 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (ii) Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any market related matters during the last three years.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

- (iii) The Company has Whistle Blower policy. All the personnel of the Company have access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirements of the Listing Regulations.
- (v) The Company has no material subsidiary.
- (vi) The Company has framed Related Party Transaction Policy and is placed on the Company's website and the web link for the same is <http://www.kothariphyto.com/ptp.php>.
- (vii) During the financial year ended 31st March, 2018 the Company did not engage in any hedging activities.
- (viii) CEO / CFO Certification:

A Certificate from the CEO and CFO as specified in Part B of Schedule II in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations was placed before the Board Meeting held 30th May, 2018 to approve the Audited Annual Accounts for the year ended 31st March, 2018.

- 10. There has been no instance of non – compliance of any requirement of Corporate Governance Report.**
- 11. A Certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed with the Directors Report.**
- 12. The Company has fully complied with the applicable requirements specified in Reg. 17 to 27 and clause (b) to (i) of sub- regulation (2) of regulation 46.**

Disclosure of accounting Treatment.

The Company has followed the treatment laid down in the Indian Accounting Standards (Ind AS) for the first time from 1st April, 2017, the date of transition being 1st April, 2016. Accordingly results for the year ended 31st March, 2018 are in compliance with Indian Accounting Standard (Ind AS) notified by the Ministry of Corporate Affairs. Consequently, results for the year ended 31st March, 2017 have been restated to comply with Ind AS to make them comparable. There are no audit qualifications in the Company's financial statements for the year under review.

Demat Suspense Account / Unclaimed Suspense Account.

Pursuant to Regulation 39 (4) read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is in the process of taking necessary steps to deal with unclaimed physical shares.

For and on behalf of the Board

Place : Kolkata
 Dated : 30th May, 2018

A. K. Toshniwal
 Managing Director & CEO
 (DIN : 06872891)

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, A. K. Toshniwal, Managing Director and Chief Executive Officer of Kothari Phytochemicals & Industries Limited ("the company") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the company have confirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the company under Regulation 34 (3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for Board Members and Senior Management Personnel.

For Kothari Phytochemicals & Industries Limited

Place : Kolkata
Dated : 30th May, 2018

A. K. Toshniwal
Managing Director & CEO
(DIN : 06872891)

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**To the Members of****Kothari Phytochemicals & Industries Limited**

We, have examined the compliance of conditions of Corporate Governance by Kothari Phytochemicals & Industries Limited for the year ended 31st March, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the relevant records and documents maintained by the Company furnished to us.

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

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.

On the basis of our examination and according to the information and explanations given to us, we certify that the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable with the Stock Exchange have been complied with in all material respects by the Company.

Kolkata, 30th May, 2018

Supratim Roychoudhury
Partner
Membership Number - 066040
For and on behalf of
K. Ray & Company
Chartered Accountants
Firm Registration No. 312142E

INDEPENDENT AUDITORS' REPORT

To The Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED**

Report on the Ind AS Standalone Financial Statements

We have audited the accompanying Ind AS standalone financial statements of **Kothari Phytochemicals and Industries 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.

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 of these Ind AS standalone 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.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS standalone financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS standalone financial statements. The procedures selected depend on the auditor's

INDEPENDENT AUDITORS' REPORT– (Contd.)

judgment, including the assessment of the risks of material misstatement of the Ind AS standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS standalone 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 standalone financial statements give the information required by the Act in the manner so required and subject to our paragraph below, and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

We did not audit the financial statements / information of three divisions included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 25,76,46,756/- as at 31st March, 2018 and total revenues of ₹ 29,07,82,257/- for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these divisions have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these divisions, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

The comparative financial information of the company for the year ended 31st March, 2016 and 2017 have been audited by other auditors and those financial statements are required for the purpose of restatement to comply with Ind As. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS standalone financial statements and our report on Other legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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.

INDEPENDENT AUDITORS' REPORT– (Contd.)

- (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 reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing our report.
 - (d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid Ind AS standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2018 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.
 - (g) 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 A". Our report expresses an unqualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial statements – Refer Note – 35.01 to the financial statements.
 - ii. The Company does not have any long – term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Supratim Roychoudhury
Partner
Membership Number - 066040
For and on behalf of
K. Ray & Company
Chartered Accountants
Firm Registration No. 312142E

Kolkata, 30th May, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 Kothari Phytochemicals and Industries Limited (“the Company”) as of 31st March, 2018 in conjunction with our audit of the Ind AS standalone 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. 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.

Auditor’s 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the Ind AS Standalone 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.

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT – (Contd.)**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 Ind AS standalone 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 details, 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 Ind AS standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS standalone 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, to the best of our information and according to the explanations given to us, 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.

Kolkata, 30th May, 2018

Supratim Roychoudhury
Partner
Membership Number - 066040
For and on behalf of
K. Ray & Company
Chartered Accountants
Firm Registration No. 312142E

Annexure “B” referred to in Paragraph 2 of our Report of even date to the Members of KOTHARI PHYTOCHEMICALS AND INDUSTRIES LIMITED on the accounts of the company for the year ended 31st March, 2018

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties of the Company are in the name of the Company.
2. (a) The inventory of the Company at all its locations has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in the books of account.
3. The Company has not granted during the year any secured or an unsecured loan to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.
4. The Company has complied with the provisions of sections 185 and 186 of the Act with regard to loan given to bodies corporate and investments made during the year. According to the information and explanations given to us, the company has given guarantee in connection with loan to a body corporate.
5. 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 there under.
6. The Central Government has not specified the maintenance of cost records under sub – section (1) of section 148 of the Act.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable have been regularly deposited by the Company during the year with the appropriate authorities. There is no arrear statutory dues outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of Income Tax, Service Tax, Custom Duty,

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT – (Contd.)

Excise Duty, Value Added Tax as at 31st March, 2018, which have not been deposited on account of any dispute other than Sales Tax dues as set out below:

Name of Statute	Nature of Dues	Amount ₹	Period of which the amount related	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	3,22,570	1986 – 89	The Tamil Nadu Taxation special Tribunal as per directions of the High Court at Madras

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or banks or government. The Company had neither any outstanding debentures at the beginning of the year nor has it issued any debentures during the year.
9. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) and term loans.
10. According to the information and explanations given to us and the records of the Company examined by us, we have not noticed any fraud by the Company or any fraud on the Company by its officers or employees during the year.
11. In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
12. The Company is not a Nidhi Company and accordingly the Nidhi Rules 2014 are not applicable to the Company.
13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by applicable accounting standards.
14. According to the records of the Company examined by us and the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non – cash transaction with directors or persons connected with him.
16. According to the records of the Company examined by us and the information and explanation given to us, the Company is not required to be registered under section 45 – 1A of the Reserve Bank of India Act, 1934.

Supratim Roychoudhury
 Partner
 Membership Number - 066040
 For and on behalf of
K. Ray & Company
 Chartered Accountants
 Firm Registration No. 312142E

Kolkata, 30th May, 2018

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
		₹	₹	₹
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	3	60,398,464	58,900,672	62,874,129
Capital Work - in - progress		30,697,845	36,862,045	37,821,263
Intangible Assets	4	55,739	—	—
Investments in Associates	5	51,748,615	51,748,615	51,748,615
Financial Assets				
i. Investments	5	123,448,133	89,520,329	82,939,190
ii. Other Financial Assets	6	2,051,701	2,789,417	2,625,420
Other Non - Current Assets	7	906,627	886,627	2,311,627
Total Non - Current Assets		269,307,124	240,707,705	240,320,244
Current Assets				
Inventories	8	61,898,926	97,717,206	101,145,492
Financial Assets				
i. Trade Receivables	9	12,744,035	15,761,696	12,429,433
ii. Cash and Cash Equivalents	10	26,101,614	7,501,307	49,972,600
iii. Bank Balances other than Cash and Cash Equivalents	11	67,657,175	49,186,860	14,821,827
iv. Loans	12	100,000,000	95,000,000	35,000,000
v. Other Financial Assets	13	2,764,985	2,687,179	89,958
Current Tax Assets (Net)	14	4,368,392	8,829,037	11,892,518
Other Current Assets	15	5,735,043	8,735,110	12,081,280
Total Current Assets		281,270,170	285,418,395	237,433,108
Total Assets		550,577,294	526,126,100	477,753,352
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	16	38,831,750	38,831,750	38,831,750
Other Equity				
Reserves and Surplus	17	479,215,298	415,506,202	388,727,992
Total Equity		518,047,048	454,337,952	427,559,742
LIABILITIES				
Non - Current Liabilities				
Provisions	18	3,424,017	2,431,860	1,890,364
Deferred Tax Liabilities (Net)	19	5,845,008	2,559,007	2,494,208
Total Non - Current Liabilities		9,269,025	4,990,867	4,384,572
Current Liabilities				
Financial Liabilities				
i. Borrowings	20	—	30,000,000	24,674,163
ii. Trade Payables	21	18,136,238	12,081,760	15,797,195
iii. Other Financial Liabilities	22	4,637,809	6,408,788	4,699,817
Other Current Liabilities	23	487,174	18,306,733	637,863
Total Current Liabilities		23,261,221	66,797,281	45,809,038
Total Liabilities		32,530,246	71,788,148	50,193,610
Total Equity and Liabilities		550,577,294	526,126,100	477,753,352

Significant Accounting Policies 2
This is the Balance Sheet referred to in our report of even date.

The Notes referred to above form an integral part of the Standalone Financial Statements.

Supratim Roychoudhury
Partner

On behalf of the Board

Membership No. 066040

For and on behalf of

K. Ray & Company

Chartered Accountants

Kolkata,
30th May, 2018

Firm Registration No. 312142E

R. Gupta
Chief Financial Officer

M. L. Daga
Company Secretary
M. No. F2650

A. V. Kothari
Director
DIN : 02572346

A. K. Toshniwal
Mg. Director
DIN : 06872891

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2018

INCOME :	Note	2017 – 2018	2016 – 2017
		₹	₹
Revenue from Operations	24	240,008,281	212,053,822
Other Income	25	23,847,302	21,460,865
Total Revenue		263,855,583	233,514,687
EXPENDITURE :			
Cost of Materials Consumed	26	97,397,911	77,166,130
Purchases of Stock - in - Trade		11,424,000	–
Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - Trade	27	8,922,524	23,944,005
Employee Benefits Expense	28	31,597,080	28,375,246
Finance Costs	29	681,874	1,199,298
Depreciation and Amortisation Expense	30	9,197,315	8,598,080
Power & Fuel	31	11,363,618	8,743,746
Other Expenses	32	29,463,742	32,558,094
Total Expenses		200,048,064	180,584,599
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		63,807,519	52,930,088
Exceptional Items		–	–
PROFIT BEFORE TAX		63,807,519	52,930,088
Tax Expense	33		
- Current Tax		14,700,000	14,370,000
- Taxation adjustments of earlier years (Net)		–	285,182
- Deferred Tax (Net)		3,179,675	67,656
Total Tax Expenses		17,879,675	14,722,838
PROFIT FROM CONTINUING OPERATIONS		45,927,844	38,207,250
PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS		31,590,178 *	260,990
*(Refer Note - 41 (b))			
PROFIT FOR THE YEAR		77,518,022	38,468,240
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Post - Employment benefit obligations		318,495	(8,641)
Tax Expense on the above		(106,326)	2,857
Other Comprehensive Income for the year		212,169	(5,784)
Total Comprehensive Income for the year		77,730,191	38,462,456
EARNINGS PER ORDINARY SHARE OF Rs. 10/- EACH	34		
For Continuing Operations :			
Basic and Diluted		11.83	9.84
For Discontinued Operations :			
Basic and Diluted		8.14	0.07
For Continuing and Discontinued Operations :			
Basic and Diluted		19.97	9.91

This is the statement of Profit & Loss referred to in our report of even date.

The Notes referred to above form an integral part of the Standalone Financial Statements.

 Supratim Roychoudhury
 Partner

Membership No. 066040

For and on behalf of

K. Ray & Company

Chartered Accountants

Firm Registration No. 312142E

 R. Gupta
 Chief Financial Officer

 M. L. Daga
 Company Secretary
 M. No. F2650

 A. V. Kothari
 Director
 DIN : 02572346

 A. K. Toshniwal
 Mg. Director
 DIN : 06872891

On behalf of the Board

 Kolkata,
 30th May, 2018

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit before Tax from				
Continuing Operations		63,807,519		52,930,088
Discontinued Operations (Note No.41)		<u>40,190,178</u>		<u>390,990</u>
Profit before Tax including Discontinued Operations		103,997,697		53,321,078
Adjustments for :				
Net Gain on Disposal of Property, Plant and Equipment of Discontinued Division (Note No.41)	(45,232,551)		–	
Depreciation and Amortisation Expense				
From Continuing Operations	9,197,315		8,598,080	
From Discontinued Operations (Note No.41)	136,958		273,916	
Net Gain on Disposal of Property, Plant and Equipment	–		(130,331)	
Dividend Income from Non-Current Investment	(492,615)		(155,675)	
Net (Gain)/Loss on sale of Non-Current Investments	(8,653,985)		(1,632,578)	
Net Fair Value Gain on Non-Current Investments measured at FVTPL	(434,804)		(8,281,730)	
Expected Credit Loss on Trade Receivables	–		20,462	
Expected Credit Loss on Trade Receivables Written Back	(57,412)		–	
Bad & Sundry Receivables written off	246,694		–	
Interest (Net)	(12,930,892)		(8,631,947)	
Liabilities & Provisions no longer required written back	(252,119)	(58,473,411)	(1,375,158)	(11,314,961)
Operating Profit before Working Capital Changes		<u>45,524,286</u>		<u>42,006,117</u>
Adjustments for :				
Trade and Other Receivables	6,526,162		1,254,448	
Inventories	35,818,280		3,428,286	
Trade and Other Payables	<u>(11,322,374)</u>	<u>31,022,068</u>	<u>16,868,913</u>	<u>21,551,647</u>
Cash Generated from Operations		76,546,354		63,557,764
Direct Taxes - (Payments)/Refunds (Net)	<u>(18,839,355)</u>	<u>(18,839,355)</u>	<u>(11,721,701)</u>	<u>(11,721,701)</u>
Net Cash (Used in) / From Operating Activities		<u>57,706,999</u>		<u>51,836,063</u>
B. Cash Flow From Investing Activities :				
Purchase of Property, Plant and Equipment/ Intangible Assets	(6,809,257)		(3,955,490)	
Proceeds from Disposal of Property, Plant and Equipment				
From Continuing Operations	–		146,500	
From Discontinued Operations	47,318,204		–	
Dividend Received	492,615		155,675	
Purchase of Non- Current Investments	(59,403,411)		(2,570,560)	
(Increase) / Decrease in Loans Given	(5,000,000)		(60,000,000)	
Proceeds from Sale of Non- Current Investments	34,564,396		5,903,728	
Interest Received	<u>13,554,960</u>		<u>7,234,024</u>	
Net Cash (Used in) / From Investing Activities		<u>24,717,507</u>		<u>(53,086,123)</u>

STANDALONE CASH FLOW STATEMENT (Cont.)

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
C. Cash Flow from Financing Activities				
Repayment of Short Term Borrowings from Bank	(10,000,000)		(14,653,686)	
Repayment of Short Term Borrowings from Others	(20,000,000)		19,979,523	
Interest Paid	(1,356,504)		(524,668)	
Dividends Paid	(11,625,810)		(9,681,061)	
Tax on Dividend Paid	(2,371,570)		(1,976,308)	
Net Cash (Used in) / From Financing Activities		(45,353,884)		(6,856,200)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		37,070,622		(8,106,260)
Cash and Cash Equivalents (Note No. 10 & 11)				
Opening	56,688,167		64,794,427	
Closing	<u>93,758,789</u>	<u>37,070,622</u>	<u>56,688,167</u>	<u>(8,106,260)</u>

NOTES :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard-7 on Cash Flow Statement. Refer Note 41 for Disclosures relating to Discontinued Operations.
- Previous year's figures have been regrouped / re-arranged wherever necessary.

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

Supratim Roychoudhury
 Partner
 Membership No. 066040
 For and on behalf of
 K. Ray & Company
 Chartered Accountants
 Firm Registration No. 312142E
 Kolkata,
 30th May, 2018

R. Gupta
 Chief Financial Officer

M. L. Daga
 Company Secretary
 M. No. F2650

A. V. Kothari
 Director
 DIN : 02572346

On behalf of the Board

A. K. Toshniwal
 Mg. Director
 DIN : 06872891

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018
A) EQUITY SHARE CAPITAL
Particulars
Equity Share Capital

₹

Balance as at 1st April, 2016	38,831,750
Add/(Less):Changes in Equity Share Capital during the year	—
Balance as at 31st March, 2017	38,831,750
Add/(Less):Changes in Equity Share Capital during the year	—
Balance as at 31st March, 2018	38,831,750

B) OTHER EQUITY
RESERVES AND SURPLUS
Particulars

As at 31st March 2018 ₹	As at 31st March 2017 ₹	As at 1st April, 2016 ₹
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Capital Reserve

Balance at the beginning of the year	9,193,040	9,193,040	9,193,040
Balance at the end of the year	9,193,040	9,193,040	9,193,040

Securities Premium Account

Balance at the beginning of the year	1,450,657	1,450,657	1,450,657
Balance at the end of the year	1,450,657	1,450,657	1,450,657

General Reserve

Balance at the beginning of the year	358,735,809	338,735,809	338,735,809
Add : Transferred from Statement of Profit and Loss	50,000,000	20,000,000	—
Balance at the end of the year	408,735,809	358,735,809	338,735,809

Retained Earning

Balance at the beginning of the year	46,126,696	39,348,486	39,348,486
Add : Profit for the year	77,518,022	38,468,240	—
Add : Other Comprehensive Income for the year	212,169	(5,784)	—

Total for the year	123,856,887	77,810,942	39,348,486
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Less : Appropriations :

Transferred to General Reserve	50,000,000	20,000,000	—
Dividend Paid	11,649,525	9,707,938	—
Tax on Dividend	2,371,570	1,976,308	—

Total appropriations	64,021,095	31,684,246	—
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Balance at the end of the year	59,835,792	46,126,696	39,348,486
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Total	479,215,298	415,506,202	388,727,992
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Supratim Roychoudhury

Partner

Membership No. 066040

For and on behalf of

K. Ray & Company

Chartered Accountants

Firm Registration No. 312142E

On behalf of the Board

 Kolkata,
30th May, 2018

 R. Gupta
Chief Financial Officer

 M. L. Daga
Company Secretary
M. No. F2650

 A. V. Kothari
Director
DIN : 02572346

 A. K. Toshniwal
Mg. Director
DIN : 06872891

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE – 1
BASIS OF PREPARATION :
(a) Statement of Compliance :

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The financial statements upto and for the year ended 31 March 2017 were prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company had prepared the financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on an accrual basis under the historical cost convention.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 First – time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43.

The financial statements are approved by the Board of Directors of the Company at their meeting held on 30th May, 2018.

Details of the Company's accounting policies are included in Note 2.

(b) Functional and Presentation Currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

(c) The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

Items	Measurement basis
(i) Certain financial assets and financial liabilities	Fair value
(ii) Employee's defined benefit plan	As per actuarial valuation
(iii) Assets held for sale	Lower of its carrying amount and fair value costs to sale

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current

market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and Estimation Uncertainties

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

- Estimation of Useful life and residual value of property, plant and equipment;
- Determining the fair values of investments, in particular of the unlisted securities;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Recognition of deferred tax assets; availability of future taxable profit against which carried forward tax losses can be used;
- Estimation of defined benefit obligations: key actuarial assumptions;
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

(e) Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 40 B.

Determination of Fair Values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial Assets

The fair value of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques.

(ii) Trade and Other Receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short – term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iii) Financial Liabilities

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(f) Current and Non – Current Classification

All assets and liabilities are classified as current or Non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (i) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is expected to be realised within 12 months after the reporting date; or
- (iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non – current financial assets.

All other assets are classified as non – current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i) It is expected to be settled in the Company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded;
- iii) It is due to be settled within 12 months after the reporting date; or
- iv) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non – current financial liabilities.

All other liabilities are classified as non – current.

Deferred tax assets and liabilities are classified as non – current assets and liabilities.

Operating Cycle

For the purpose of current / non – current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE – 2
SIGNIFICANT ACCOUNTING POLICIES:
(a) Property, Plant and Equipment
(i) Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of duties, taxes, after deducting trade discounts and rebates, incidental expenses, erection / commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for separate components of property, plant and equipment.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Property, plant and equipment under construction are disclosed as Capital work – in – progress.

(ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as an 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (See Note 3).

(iii) Subsequent Expenditure

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Depreciation for the year is recognised in the Statement of Profit and loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets.

The useful lives have been determined based on technical evaluation done by the management and are in line with the useful life specified in Part C of Schedule II to the Companies Act; 2013. The residual values are not more than 5 % of the original cost of the asset.

Depreciation on additions / (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Freehold land is not depreciated.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

Depreciation method, useful lives and residual values of property, plant and equipment are reviewed at each financial year – end and adjusted prospectively, if appropriate.

(v) Capital work – in – Progress (CWIP)

Capital work – in – progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of fixed assets) incurred on project under implementation are treated Pre – operative expenses pending location to the asset and are shown under CWIP.

(b) Intangible Assets

(i) Computer Software

Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization.

(ii) Amortisation

Amortisation is calculated to write off the cost of Intangible assets over their estimated useful lives using the straight – line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Class of assets	Management estimate of useful life (in years)
Computer Software	3

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted, if appropriate.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

(c) Inventories

Inventories are valued as under:

Raw Materials	-	At cost on weighted average method / FIFO
Stores and Spare Parts	-	At cost on weighted average method / FIFO
Materials in Process	-	At estimated Cost
Finished Goods	-	At cost on weighted average method or Net Realizable Value, whichever is lower

Cost of Inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories.

Net Realizable Value (NRV) is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(d) Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non – monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non – monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.

(e) Impairment

(i) Impairment of Financial Instruments: Financial Assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The company recognizes impairment loss for trade receivables that do not constitute a financing transaction using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Impairment of Non – Financial Assets

Property, plant and equipment and intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash – generating units).

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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss previously recognized is reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment loss had not been recognized.

(f) Financial Instruments

(i) Recognition and Initial Measurement

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognized at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs are attributable to the acquisition of the financial assets.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balance and derivative financial instruments.

The financial liabilities include trade and other payables, loans and borrowings including bank overdraft, derivative financial instruments etc.

(ii) Classification and Subsequent Measurement of Financial Assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through other comprehensive income (FVOCI) - Equity Investment; or
- fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) the contractual terms of the financial 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.

Financial Assets at Fair Value through other Comprehensive Income (FVOCI)

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment – by – investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

Financial Assets at Fair Value through Profit or Loss (FVTPL)

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Subsequent measurement and gains and losses

Financial Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.

Financial Liabilities: Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at FVTPL.

A financial liability is classified as at FVTPL if it is classified as held – for – trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

(iii) Derecognition
Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Employee Benefits
(i) Short – Term Employee Benefits

Short – term employee benefit obligations are measured on an undiscounted basis and are expected as the related service is provided. A liability is recognised for the amount expected to be paid, if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined Contribution Plans

Defined contribution plans such as Provident Fund, Employee State Insurance etc. are charged to the statement of profit and loss as and when contributions are made to the related schemes.

(iii) Defined Benefit Plans

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains

and losses arising from defined benefit plan immediately in the Statement of Profit and Loss.

(iv) Compensated Absences

The employees of the company are entitled to compensated absences which are both accumulating and non – accumulating in nature.

The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

(h) Provision (other than for Employee Benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

(j) Recognition of Revenue

Revenue is recognised to the extent it is probable that economic benefits would flow to the company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received / receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of products is passed to the buyer as per terms of contract which usually happens on delivery of goods.

(k) Expenses

All expenses are accounted for on accrual basis.

(l) Leases

(i) Assets held under Leases

Lease of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as Finance Leases.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

(ii) Lease Payments

Payments made under operating leases are generally recognized in Statement of Profit and Loss on straight – line basis over the term of Lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

(m) Income Tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss.

(i) Current Tax

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable Tax rates and the provisions of the Income Tax Act, 1961 and other applicable Tax Laws.

(ii) Deferred Tax

Deferred tax is provided, on all temporary differences at the reporting date between the carrying amount of assets and liabilities for financial reporting purposes and its tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. Deferred tax assets include Minimum Alternate Tax (MAT) paid (tax credit) in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

(n) Segment Accounting Policies

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

The chief operating decision – maker, who is responsible for allocation resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting:

- (i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter segment transfers.

Inter segment transfers are accounted for based on the transaction price agreed to between the segments which is at cost in case of transfer of Company's intermediate and final products and estimated realizable value in case of by – products.

- (ii) Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and / or on a reasonable basis, have been disclosed as "Unallocable".

(o) Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a Substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash and cash – on – deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(q) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non – cash nature, any deferrals or accruals of past or future operating cash receipts of payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating investing and financing activities of the Company are segregated.

(r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(s) Interest in Associate

Investments in associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associate, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 3

PROPERTY, PLANT AND EQUIPMENT Year ended 31st March, 2018

	Leasehold Land ₹	Freehold Land ₹	Buildings ₹	Plant and Equipment ₹	Electric Installation ₹	Computers ₹	Office Equipment ₹	Furniture and Fixtures ₹	Vehicles ₹	Tubewell and Water Works ₹	Total ₹
Gross Carrying Amount											
Opening Gross Carrying Amount	1,262,400	2,074,532	37,915,717	135,132,987	6,419,262	1,117,238	1,778,383	588,006	3,680,113	314,863	190,283,501
Additions during the year	—	—	4,332,710	6,657,166	—	115,503	1,589,925	—	—	205,053	12,900,357
On Disposals / Adjustments during the year	—	89,249	1,947,345	13,183,902	725,600	55,275	73,537	77,699	—	—	16,152,607
Closing Gross Carrying Amount	<u>1,262,400</u>	<u>1,985,283</u>	<u>40,301,082</u>	<u>128,606,251</u>	<u>5,693,662</u>	<u>1,177,466</u>	<u>3,294,771</u>	<u>510,307</u>	<u>3,680,113</u>	<u>519,916</u>	<u>187,031,251</u>
Accumulated Depreciation											
Accumulated Depreciation upto 1st April, 2017	318,802	—	19,395,103	100,898,363	5,912,037	1,032,122	1,439,343	489,778	1,890,438	6,843	131,382,829
Depreciation charge during the year	12,752	—	932,796	7,686,401	29,892	54,744	110,943	11,875	393,845	83,664	9,316,912
On Disposals / Adjustments during the year	—	—	1,577,602	11,607,570	686,408	52,511	69,478	73,385	—	—	14,066,954
Closing Accumulated Depreciation	<u>331,554</u>	<u>—</u>	<u>18,750,297</u>	<u>96,977,194</u>	<u>5,255,521</u>	<u>1,034,355</u>	<u>1,480,808</u>	<u>428,268</u>	<u>2,284,283</u>	<u>90,507</u>	<u>126,632,787</u>
Net Carrying Amount	<u>930,846</u>	<u>1,985,283</u>	<u>21,550,785</u>	<u>31,629,057</u>	<u>438,141</u>	<u>143,111</u>	<u>1,813,963</u>	<u>82,039</u>	<u>1,395,830</u>	<u>429,409</u>	<u>60,398,464</u>

Year ended 31st March, 2017

	Leasehold Land ₹	Freehold Land ₹	Buildings ₹	Plant and Equipment ₹	Electric Installation ₹	Computers ₹	Office Equipment ₹	Furniture and Fixtures ₹	Vehicles ₹	Tubewell and Water Works ₹	Total ₹
Gross Carrying Amount											
Deemed Cost as at 1st April, 2016	1,262,400	2,074,532	37,915,717	142,884,422	6,419,262	1,171,697	1,682,544	588,006	3,680,113	—	197,678,693
Additions during the year	—	—	—	4,421,003	—	47,550	131,292	—	—	314,863	4,914,708
On Disposals / Adjustments during the year	—	—	—	12,172,438	—	102,009	35,453	—	—	—	12,309,900
Closing Gross Carrying Amount	<u>1,262,400</u>	<u>2,074,532</u>	<u>37,915,717</u>	<u>135,132,987</u>	<u>6,419,262</u>	<u>1,117,238</u>	<u>1,778,383</u>	<u>588,006</u>	<u>3,680,113</u>	<u>314,863</u>	<u>190,283,501</u>
Accumulated Depreciation											
Accumulated Depreciation upto 1st April, 2016	306,050	—	18,511,433	105,790,275	5,866,110	1,087,776	1,342,443	477,694	1,422,783	—	134,804,564
Depreciation charge during the year	12,752	—	883,670	7,279,026	45,927	41,255	122,784	12,084	467,655	6,843	8,871,996
On Disposals / Adjustments during the year	—	—	—	12,170,938	—	96,909	25,884	—	—	—	12,293,731
Closing Accumulated Depreciation	<u>318,802</u>	<u>—</u>	<u>19,395,103</u>	<u>100,898,363</u>	<u>5,912,037</u>	<u>1,032,122</u>	<u>1,439,343</u>	<u>489,778</u>	<u>1,890,438</u>	<u>6,843</u>	<u>131,382,829</u>
Net Carrying Amount	<u>943,598</u>	<u>2,074,532</u>	<u>18,520,614</u>	<u>34,234,624</u>	<u>507,225</u>	<u>85,116</u>	<u>339,040</u>	<u>98,228</u>	<u>1,789,675</u>	<u>308,020</u>	<u>58,900,672</u>

Net Carrying amount as on 1st April, 2016

	Leasehold Land ₹	Freehold Land ₹	Buildings ₹	Plant and Equipment ₹	Electric Installation ₹	Computers ₹	Office Equipment ₹	Furniture and Fixtures ₹	Vehicles ₹	Tubewell and Water Works ₹	Total ₹
Gross Carrying amount as at 1st April, 2016	1,262,400	2,074,532	37,915,717	142,884,422	6,419,262	1,171,697	1,682,544	588,006	3,680,113	—	197,678,693
Accumulated Depreciation upto 1st April, 2016	306,050	—	18,511,433	105,790,275	5,866,110	1,087,776	1,342,443	477,694	1,422,783	—	134,804,564
Net Carrying Amount as on 1st April, 2016	<u>956,350</u>	<u>2,074,532</u>	<u>19,404,284</u>	<u>37,094,147</u>	<u>553,152</u>	<u>83,921</u>	<u>340,101</u>	<u>110,312</u>	<u>2,257,330</u>	<u>—</u>	<u>62,874,129</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 4
INTANGIBLE ASSETS
Year ended 31st March, 2018

	Software	Total
	₹	₹
Gross Carrying Amount		
Opening Gross Carrying Amount	—	—
Additions	73,100	73,100
Disposals	—	—
Closing Gross Carrying Amount	<u>73,100</u>	<u>73,100</u>
Accumulated Amortisation		
Opening accumulated amortisation	—	—
Amortisation charge for the year	17,361	17,361
Closing Accumulated Amortisation	<u>17,361</u>	<u>17,361</u>
Closing Net Carrying Amount	<u>55,739</u>	<u>55,739</u>

Year ended 31st March, 2017

	Software	Total
	₹	₹
Gross Carrying Amount		
Deemed Cost as at 1st April, 2016	—	—
Additions	—	—
Disposals	—	—
Closing Gross Carrying Amount	<u>—</u>	<u>—</u>
Accumulated Amortisation		
Amortisation charge for the year	—	—
Disposals	—	—
Closing Accumulated Amortisation	<u>—</u>	<u>—</u>
Closing Net Carrying Amount	<u>—</u>	<u>—</u>

Net Carrying amount as on 1st April, 2016

	Software	Total
	₹	₹
Gross Carrying amount as at 1st April, 2016	—	—
Accumulated Amortisation upto 1st April, 2016	<u>—</u>	<u>—</u>
Net Carrying Amount as on 1st April, 2016	<u>—</u>	<u>—</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 5

		As at 31st March 2018		As at 31st March 2017		As at 31st April 2016	
	Face Value	Number of Shares / Units	₹	Number of Shares / Units	₹	Number of Shares / Units	₹
NON - CURRENT INVESTMENTS							
A. INVESTMENT IN ASSOCIATES:							
In Equity Instruments - Quoted, fully paid up - at Cost							
Gillanders Arbuthnot & Company Limited	10	5,501,078	51,748,615	5,501,078	51,748,615	5,501,078	51,748,615
TOTAL A			51,748,615		51,748,615		51,748,615
B. INVESTMENT IN OTHERS:							
(i) In Equity Instruments - Quoted, fully paid up at FVTPL							
Welspun Corporation Limited	5	6,000	807,600	6,000	501,600	6,000	593,700
Kesoram Textile Mills Limited.	2	104	—	104	—	104	—
Vijaya Bank Limited	10	500	25,950	500	34,250	500	15,675
Xpro India Limited	10	195	9,116	195	9,701	195	8,034
Albert David Limited	10	61,589	22,446,111	61,589	19,625,335	61,589	18,402,793
Century Textile & Industries Limited	10	—	—	400	421,320	4,400	2,330,680
Assam Company India Limited	1	—	—	—	—	15,000	75,750
Balmer Lawrie & Company Limited	10	700	152,040	700	164,885	175	100,258
Crains Software International Limited	2	—	—	—	—	2,000	5,820
The Dhampur Sugar Mills Limited	10	—	—	—	—	8,500	790,925
Electrosteel Castings Limited.	1	13,000	317,200	13,000	449,150	13,000	246,350
GMR Infrastructure Limited	1	6,000	102,000	6,000	96,000	6,000	69,600
Deccan Cements Limited	5	500	253,350	250	283,225	250	146,250
IOL Chemicals and Pharmaceuticals Limited	10	4,500	357,750	5,500	347,325	5,500	420,200
Jai Prakash Associates Limited	2	3,800	72,010	3,800	52,250	3,800	29,260
Titan Company Limited	1	500	470,600	500	230,650	500	169,550
Graphite India Limited	2	1,500	1,089,675	1,500	168,300	1,500	107,775
HBL Power Systems Limited	1	—	—	—	—	7,000	254,100
Inox Leisure Limited	10	500	132,225	2,000	572,900	2,000	384,400
Larsen and Toubro Limited	2	1,800	2,361,420	1,200	1,893,120	1,200	1,460,040
Opto Circuits (India) Limited	10	—	—	—	—	10,000	96,500
Tata Steel Limited	10	2,600	1,484,340	2,700	1,303,155	2,700	863,190
Pilani Investments & Industries Corporation Limited.	10	2,929	7,395,725	2,929	6,327,812	2,929	6,327,812
Cimmco Limited	10	60	4,710	60	4,974	60	4,974
Vardhaman Special Steels Limited	10	—	—	—	—	350	—
Tata Steel Limited (Partly Paid)	10	200	—	—	—	—	—
The West Coast Paper Mills Limited	2	1,000	239,400	—	—	—	—
TOTAL B (i)			37,721,222		32,485,952		32,903,636
(ii) In Equity Instruments - Unquoted, fully paid up at FVTPL							
Tulip Tea Company Limited	25	1,160	9,110	1,160	9,110	1,160	9,110
Aaham Printers Private Limited (in Liquidation)	100	15	1	15	1	15	1
Satyam Financial Services Limited	10	250,000	3,750,388	250,000	3,750,388	50,000	1,687,729

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 5 (Contd.)

Vidyasagar Industries Private Limited	10	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000
Bharat Fritz Werner Limited	2	296,504	30,237,478	296,504	30,237,478	296,504	30,237,478
Bharat Fritz Werner Limited DVR	2	2,000	203,960	2,000	203,960	2,000	203,960
TOTAL			38,700,937		38,700,937		36,638,278
Less: Provision for Diminution in carrying amount of Investments			4,500,000		4,500,000		4,500,000
TOTAL B (ii)			34,200,937		34,200,937		32,138,278
(iii) In Mutual Funds - Quoted, fully paid up at FVTPL							
DSP Black Rock India T. I. G. E. R. Fund - Regular Plan - Growth	10	-	-	47,112.5210	3,963,765	47,112.5210	3,011,951
DSP Black Rock Small and Mid Cap Fund - Regular Plan - Growth	10	-	-	75,564.9650	3,724,068	75,564.9650	2,668,879
ICICI Prudential Value Discovery Fund - Growth	10	11,959.6190	1,662,746	11,959.6190	1,570,059	11,959.6190	1,301,087
IDFC Premier Equity Fund - Growth - (Regular Plan)	10	-	-	40,811.8580	3,343,218	40,811.8580	2,781,671
Reliance Equity Opportunities Fund - Growth Plan Growth Option	10	-	-	44,114.4630	3,522,306	44,114.4630	2,929,712
Reliance Mid & Small Cap Fund - Growth Plan Growth Option	10	-	-	127,361.5050	5,257,840	127,361.5050	3,860,378
Reliance Money Manager Fund - Growth Plan Growth Option	10	-	-	647.5610	1,452,184	647.5610	1,343,598
Aditya Birla Sun Life Top 100 Fund - Growth - Regular Plan -	10	90,356.1120	4,959,186	-	-	-	-
ICICI Prudential Balanced Fund - Growth	10	83,118.6100	10,381,514	-	-	-	-
IDFC Classic Equity Fund - Growth - (Regular Plan)	10	179,313.3390	7,863,894	-	-	-	-
L & T India Prudence Fund - Growth	10	397,645.9360	10,168,602	-	-	-	-
Motilal Oswal Focused 25 Fund Regular - Growth Option	10	245,119.6670	5,028,017	-	-	-	-
Reliance Regular Savings Fund - Balanced Plan - Growth Plan Growth Option	10	214,904.8590	11,462,015	-	-	-	-
TOTAL B (iii)			51,525,974		22,833,440		17,897,276
TOTAL B (i to iii)			123,448,133		89,520,329		82,939,190
TOTAL (A + B)			175,196,748		141,268,944		134,687,805
Aggregate carrying amount of quoted investments (including investments in Mutual Funds)			140,995,811		107,068,007		102,549,527
Aggregate carrying amount of unquoted investments			34,200,937		34,200,937		32,138,278
			175,196,748		141,268,944		134,687,805
Aggregate Market Value of Quoted Investments in Associates			339,966,620		357,570,070		338,866,405
Aggregate Market Value of Quoted Investments other than Associates			37,721,222		32,485,952		32,903,636
Aggregate Book Value of Unquoted Investments			38,700,937		38,700,937		36,638,278
Aggregate Repurchase price of Mutual Funds			51,525,974		22,833,440		17,897,276

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
	₹	₹	₹
NOTE - 6			
OTHER FINANCIAL ASSETS (NON-CURRENT)			
(Unsecured, Considered good unless stated otherwise)			
Security Deposits	2,051,701	2,789,417	2,625,420
	2,051,701	2,789,417	2,625,420
NOTE - 7			
OTHER NON - CURRENT ASSETS			
Capital Advances	891,627	871,627	2,296,627
Others	67,521	67,521	67,521
	959,148	939,148	2,364,148
Less: Provision for Doubtful Advances	52,521	52,521	52,521
	906,627	886,627	2,311,627
NOTE - 8			
INVENTORIES			
(Valued at Lower of Cost and Net Realisable Value)			
Raw Materials	12,173,650	36,849,736	16,372,339
Materials - in - Process	44,627,893	45,456,363	77,615,595
Finished Goods	2,393,251	10,487,806	2,272,979
Stores and Spare Parts	2,704,132	4,923,301	4,884,579
	61,898,926	97,717,206	101,145,492
NOTE - 9			
TRADE RECEIVABLES			
(Unsecured)			
Considered Good	12,744,035	15,761,696	12,429,433
Considered Doubtful	1,567	58,979	168,500
	12,745,602	15,820,675	12,597,933
Less : Allowances for Doubtful Receivables	1,567	58,979	168,500
	12,744,035	15,761,696	12,429,433

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
	₹	₹	₹
NOTE - 10			
CASH AND CASH EQUIVALENTS			
Balances with Banks			
- In Current Accounts	25,559,757	7,474,671	49,954,353
Fixed Deposits of Maturity of Less than 3 Months	500,000	—	—
Cash in Hand	41,857	26,636	18,247
	<u>26,101,614</u>	<u>7,501,307</u>	<u>49,972,600</u>
NOTE - 11			
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Other Bank Balances			
Fixed Deposits with Bank of Maturity more than 3 months but less than 12 months	67,200,000	48,753,400	14,415,244
Balances with Banks			
- Unpaid Dividend Account	222,364	198,649	171,772
- Unpaid Fractional Amount of Shares	234,811	234,811	234,811
	<u>67,657,175</u>	<u>49,186,860</u>	<u>14,821,827</u>
NOTE - 12			
LOANS			
Loans to Bodies Corporates	100,000,000	95,000,000	35,000,000
	<u>100,000,000</u>	<u>95,000,000</u>	<u>35,000,000</u>
NOTE - 13			
OTHER FINANCIAL ASSETS (CURRENT)			
Advance to Employees	20,000	—	—
Interest accrued on Loans and Deposits	2,744,985	2,687,179	89,958
	<u>2,764,985</u>	<u>2,687,179</u>	<u>89,958</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April, 2016 ₹
NOTE - 14			
CURRENT TAX ASSETS (NET)			
Advance Income Tax (Net of Provisions)	4,368,392	8,829,037	11,892,518
	4,368,392	8,829,037	11,892,518

NOTE - 15
OTHER CURRENT ASSETS

Advances to Suppliers & Others	49,290	350,448	314,254
Balance with Statutory / Government Authorities	4,604,254	7,297,699	10,260,002
Export Incentive Receivable	40,371	94,114	444,551
Others	1,041,128	992,849	1,062,473
	5,735,043	8,735,110	12,081,280

NOTE - 16
SHARE CAPITAL :
AUTHORISED :

Preference Shares of ₹ 100/- each.	300,000	30,000,000	300,000	30,000,000	300,000	30,000,000
Ordinary Shares of ₹ 10/- each.	17,000,000	170,000,000	17,000,000	170,000,000	17,000,000	170,000,000
		200,000,000		200,000,000		200,000,000

ISSUED, SUBSCRIBED AND PAID UP:

Ordinary Shares of ₹ 10/- each fully paid-up. 3,883,175	38,831,750	3,883,175	38,831,750	3,883,175	38,831,750
	38,831,750		38,831,750		38,831,750

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 16 (Contd.)

- 16.1 The Company has issued Ordinary shares having a per value of ₹10/- per share. Each holder of Ordinary shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the holders of Ordinary shares will be entitled to receive remaining assets of the Company, after payment of Secured, Unsecured Liabilities and Other Creditors. The distribution will be in proportion to the number of Ordinary shares held by the shareholders.

- 16.2 The details of shareholders holding more than 5% shares.

Name	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	% held	No. of Shares	% held	No. of Shares	% held	No. of Shares
Commercial House Private Limited	19.45%	755414	19.45%	755414	19.45%	755414
Kothari & Company Private Limited	15.32%	594960	15.32%	594960	15.32%	594960
M. D. Kothari & Company Limited	14.85%	576525	14.85%	576525	14.85%	576525
Kothari Investment & Industries Private Limited	19.33%	750720	14.18%	550720	14.18%	550720
Vishnuhari Investments & Properties Limited	12.66%	491568	6.22%	241568	6.22%	241568
Bhaktwatsal Investments Limited	5.52%	214459	—	—	—	—

- 16.3 The reconciliation of the number of shares outstanding is set out below.

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
Ordinary Shares at the beginning of the year	3,883,175	3,883,175	3,883,175
Ordinary Shares at the end of the year	<u>3,883,175</u>	<u>3,883,175</u>	<u>3,883,175</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 17

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
OTHER EQUITY			
RESERVES AND SURPLUS			
Capital Reserve			
Balance at the beginning of the year	9,193,040	9,193,040	9,193,040
Balance at the end of the year	9,193,040	9,193,040	9,193,040
Securities Premium Account			
Balance at the beginning of the year	1,450,657	1,450,657	1,450,657
Balance at the end of the year	1,450,657	1,450,657	1,450,657
General Reserve			
Balance at the beginning of the year	358,735,809	338,735,809	338,735,809
Add : Transferred from Statement of Profit and Loss	50,000,000	20,000,000	–
Balance at the end of the year	408,735,809	358,735,809	338,735,809
Retained Earning			
Balance at the beginning of the year	46,126,696	39,348,486	39,348,486
Add : Profit for the year	77,518,022	38,468,240	–
Add : Other Comprehensive Income for the year	212,169	(5,784)	–
Total for the year	123,856,887	77,810,942	39,348,486
Less : Appropriations :			
Transferred to General Reserve	50,000,000	20,000,000	–
Dividend Paid	11,649,525	9,707,938	–
Tax on Dividend	2,371,570	1,976,308	–
Total appropriations	64,021,095	31,684,246	–
Balance at the end of the year	59,835,792	46,126,696	39,348,486
	479,215,298	415,506,202	388,727,992

17.1 The Board of Directors recommended a dividend of ₹ 3/- per share for the year ended 31st March, 2018 on fully paid ordinary shares. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated ordinary dividend to be paid is ₹ 11,649,525/-. Tax on such dividend has also not been included as a liability in these financial statements.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 18

	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Current	Non - Current	Total	Current	Non - Current	Total	Current	Non - Current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
PROVISIONS									
Employee Benefit Obligation									
Leave Obligations	–	1,883,004	1,883,004	–	1,929,912	1,929,912	–	1,720,336	1,720,336
Gratuity	–	1,541,013	1,541,013	–	501,948	501,948	–	170,028	170,028
	<u>–</u>	<u>3,424,017</u>	<u>3,424,017</u>	<u>–</u>	<u>2,431,860</u>	<u>2,431,860</u>	<u>–</u>	<u>1,890,364</u>	<u>1,890,364</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 19

	As at 31st March, 2018				As at 31st March, 2017				As at 1st April, 2016
	Opening Balance	Recognised in Profit or Loss	Recognised in Other Compre- nsive Income	Closing Balance	Opening Balance	Recognised in Profit or Loss	Recognised in Other Compre- nsive Income	Closing Balance	Balance
	₹	₹	₹	₹	₹	₹	₹	₹	₹
DEFERRED TAX LIABILITIES (NET)									
Deferred Tax Liabilities arising out of :									
Timing Difference on Depreciable Assets	4,660,671	829,247	—	5,489,918	4,524,688	135,983	—	4,660,671	4,524,688
Fair Valuation of Investments	372,651	2,806,279	—	3,178,930	358,839	13,812	—	372,651	358,839
Total Deferred Tax Liabilities	5,033,322	3,635,526	—	8,668,848	4,883,527	149,795	—	5,033,322	4,883,527
Deferred Tax Assets arising out of :									
Provision for Doubtful Receivables	19,500	(18,977)	—	523	55,711	(36,211)	—	19,500	55,711
Provision for Dimunition in Value of Investments	1,487,835	14,445	—	1,502,280	1,487,835	—	—	1,487,835	1,487,835
Accrued Expenses Deductable on Payment basis	966,980	460,383	(106,326)	1,321,037	845,773	118,350	2,857	966,980	845,773
Total Deferred Tax Assets	2,474,315	455,851	(106,326)	2,823,840	2,389,319	82,139	2,857	2,474,315	2,389,319
	<u>2,559,007</u>	<u>3,179,675</u>	<u>106,326</u>	<u>5,845,008</u>	<u>2,494,208</u>	<u>67,656</u>	<u>(2,857)</u>	<u>2,559,007</u>	<u>2,494,208</u>



**Kothari
Group**
Imagine Inspire Deliver

KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED
CIN : L15491WB1897PLC001365

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 20

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
BORROWINGS			
Loans repayable on demand			
Secured			
PHYTOCHEMICALS DIVISION			
- From Vijaya Bank			
Cash Credit	—	—	657,780
Packing Credit	—	10,000,000	23,995,906
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres Land situated at Nagari and the entire Fixed Assets of the Division. Stock against Packing Credit Limit facility shall be backed by firm Export Orders.			
Unsecured			
Other Loans (Repayable on demand)	—	20,000,000	—
State Government of Tamil Nadu / Sales Tax Deferral Scheme	—	—	20,477
	<u>—</u>	<u>30,000,000</u>	<u>24,674,163</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April 2016 ₹
NOTE - 21			
TRADE PAYABLES			
Dues of Micro & Small Enterprises	—	—	—
Others	18,136,238	12,081,760	15,797,195
	<u>18,136,238</u>	<u>12,081,760</u>	<u>15,797,195</u>

(As per information available with the Company no amount is due to Micro, Small and Medium Enterprises)

NOTE - 22
OTHER FINANCIAL LIABILITIES

Unpaid Fractional amount of shares	234,811	234,811	234,811
Commission Payable	537,303	610,503	537,303
Employees Dues Payable	1,861,442	1,119,839	1,426,493
Unpaid Dividends	222,364	198,649	171,772
Interest accrued but not due on borrowings	—	674,630	—
Others	1,781,889	3,570,356	2,329,438
	<u>4,637,809</u>	<u>6,408,788</u>	<u>4,699,817</u>

NOTE - 23
OTHER CURRENT LIABILITIES

Advances from Customers	—	17,371,760	—
Statutory Dues Payables	487,174	934,973	637,863
	<u>487,174</u>	<u>18,306,733</u>	<u>637,863</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 24

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
REVENUE FROM OPERATIONS				
SALE OF PRODUCTS				
Calcium Sennoside	5,547,709		4,477,609	
Brucine & its Salts	6,883,277		840,497	
Strychnine & its Salts	132,591,880 *		90,474,979	
Tolbutamide	10,375,206		21,451,823	
Chlorpropamide	9,056,450		2,403,343	
Metformin HCL	—		2,903,753	
Formaldehyde	2,702,531		46,171	
Paraformaldehyde	9,726,132		12,467,578	
Phenolic Resin	60,767,813		75,112,489	
PTS Urea	2,000		—	
		237,652,998		210,178,242
OTHER OPERATING REVENUE				
Export Incentives	2,329,433		1,845,450	
Miscellaneous Receipts	25,850		30,130	
		2,355,283		1,875,580
		240,008,281		212,053,822

* Including Sale of Traded Goods ₹15,663,885/-

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
NOTE - 25				
OTHER INCOME				
Income from Financial Asset				
- Interest on Advances, Deposits and Others - Gross	13,612,766		9,831,245	
- Dividend Income from Non - Current Investment	492,615		155,675	
- Net Gain / (Loss) on Sale of Non - Current Investments	8,653,985		1,632,578	
- Net Fair Value Gain / (Loss) on Non - Current Investments measured at FVTPL	<u>434,804</u>		<u>8,281,730</u>	
		23,194,170		19,901,228
Exchange Rate Fluctuation (Net)		74,704		37,271
Liabilities / Provision no longer required, written back		252,119		1,245,176
Provision for Doubtful Receivables Written Back		—		129,982
Net Gain on Disposal of Property, Plant and Equipment		—		146,500
Expected Credit Loss on Trade Receivables Written Back		57,412		—
Miscellaneous Income		268,897		708
		<u>23,847,302</u>		<u>21,460,865</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 26

	2017 – 2018 ₹	2016 – 2017 ₹
COST OF MATERIALS CONSUMED		
Raw Materials at the beginning of the year	36,819,896	16,062,354
Add : Purchases	72,751,665	97,923,672
Less : Raw Materials at the end of the year	<u>12,173,650</u>	<u>36,819,896</u>
	<u>97,397,911</u>	<u>77,166,130</u>

NOTE - 27

	2017 – 2018 ₹	2016 – 2017 ₹
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE		
Finished Goods		
Opening Inventories	10,487,305	2,272,078
Closing Inventories	<u>2,393,251</u>	<u>10,487,305</u>
Net (Increase) / Decrease	8,094,054	(8,215,227)
Materials - in - Process		
Opening Inventories	45,456,363	77,615,595
Closing Inventories	<u>44,627,893</u>	<u>45,456,363</u>
Net (Increase) / Decrease	<u>828,470</u>	<u>32,159,232</u>
	<u>8,922,524</u>	<u>23,944,005</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 28

	2017 – 2018	2016 – 2017
	₹	₹
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	27,193,797	24,998,355
Contribution to Provident and Other Funds	3,376,252	2,054,193
Workmen and Staff Welfare Expenses	1,027,031	1,322,698
	<u>31,597,080</u>	<u>28,375,246</u>

NOTE - 29
FINANCE COSTS

Interest Expenses	681,874	1,199,298
	<u>681,874</u>	<u>1,199,298</u>

NOTE - 30
DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Property, Plant and Equipment	9,167,202	8,585,328
Amortisation	30,113	12,752
	<u>9,197,315</u>	<u>8,598,080</u>

NOTE - 31
POWER AND FUEL

Power and Fuel	11,363,618	8,743,746
	<u>11,363,618</u>	<u>8,743,746</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 32

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
OTHER EXPENSES				
Manufacturing Expenses				
Consumption of stores and spare parts	1,839,281		2,514,709	
Repairs to Buildings	969,427		968,260	
Repairs to Machinery	2,182,900		2,737,792	
Repairs to Other Assets	249,739		465,710	
		5,241,347		6,686,471
Selling and Distribution Expenses				
Freight, Shipping, Delivering and Selling Expenses	5,874,596		4,889,108	
Sales Promotion Expenses	57,916		73,065	
		5,932,512		4,962,173
Establishment Expenses				
Rent	571,880		591,035	
Rates and Taxes	491,984		677,511	
Excise Duty	1,922,709		8,412,377	
Bank Charges	110,175		335,804	
Travelling and Conveyance Expenses	2,678,178		2,873,247	
Postage and Telephone	657,432		621,166	
Printing and Stationery	411,775		357,023	
Subscription	114,436		119,644	
Insurance	896,073		869,187	
Motor Vehicle Expense	399,521		521,445	
Directors' Sitting Fees	88,000		88,000	
Directors' Commission	300,000		300,000	
Managing Directors Remuneration	2,387,184		2,236,200	
Legal and Professional Fee	2,187,393		1,005,751	
Internal Audit Fees	70,800		69,000	
Obsolete and Discarded Assets Written Off	—		16,169	
Bad and Sundry Receivables Written off	246,694		—	
Input GST (RCM)	66,960		—	
Expected Credit Loss on Trade Receivables	—		20,462	
Donation	3,000,000		—	
Miscellaneous Expenses	1,326,914		1,407,419	
		17,928,108		20,521,440
Payment to Auditors				
Auditor	180,000		180,000	
For Other Services	121,386		110,400	
For Reimbursement of Expenses	44,189		54,546	
For GST / Service Tax	16,200		43,064	
		361,775		388,010
		29,463,742		32,558,094

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 33	2017 – 2018	2016 – 2017
	₹	₹
TAX EXPENSE		
Current Tax		
Current Tax on Profits for the year	14,700,000	14,370,000
Current Tax of earlier years provided for	–	285,182
Total Current Tax Expense	14,700,000	14,655,182
Deferred Tax		
Decrease / (Increase) in Deferred Tax Assets	455,851	82,139
(Decrease) / Increase in Deferred Tax Liabilities	3,635,526	149,795
Total Deferred Tax Expense	3,179,675	67,656
	17,879,675	14,722,838

Reconciliation of Estimated Income Tax expense at Indian Statutory Income Tax rate to income tax expense reported in Statement of Total Comprehensive Income.

	2017 – 2018	2016 – 2017
	₹	₹
Profit before Income Tax Expenses		
From Continuing Operation	63,807,519	52,930,088
From Discontinued Operation	40,190,178 *	390,990
* (Refer Note No. 41 (b))		
Total Profit before Income Tax Expenses	103,997,697	53,321,078
Indian Income Tax Rate	33.06%	33.06%
Estimated Income Tax Expenses on above profit	34,381,639	17,627,948
Tax effect of adjustments to reconcile estimated income tax expenses to reported Income Tax Expenses		
a) Impact of decrease in tax rate due to applicability of MAT	(12,188,530)	–
b) Income exempted from tax	(162,859)	(51,466)
c) Expenses that are not deductible in determining taxable income	236,433	203,290
d) Others	4,212,992	(2,926,934)
	26,479,675	14,852,838
Total Tax Expenses		
From Continuing Operation	17,879,675	14,722,838
From Discontinued Operation	8,600,000 *	130,000
* (Refer Note No. 41 (b))		
	26,479,675	14,852,838

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 34
2017 – 2018 2016 – 2017
EARNING PER ORDINARY SHARE OF ₹ 10/- EACH
For Continuing Operations

Profit for the year (₹)	45,927,844	38,207,250
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	3,883,175	3,883,175
Basic and diluted earnings per Ordinary share (₹)	11.83	9.84

For Discontinued Operations

Profit for the year (₹)	31,590,178	260,990
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	3,883,175	3,883,175
Basic and diluted earnings per Ordinary share (₹)	8.14	0.07

For Continuing Operations and Discontinued Operations

Profit for the year (₹)	77,518,022	38,468,240
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	3,883,175	3,883,175
Basic and diluted earnings per Ordinary share (₹)	19.97	9.91

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 35

	2017 – 2018 ₹	2016– 2017 ₹	2015 – 2016 ₹
35.01 Contingent Liabilities / Disputed Liabilities: (To the extent not provided for)			
Claims against the Company not acknowledged as debts:-			
i) Sales Tax under dispute	322,570	322,570	322,570
ii) Demand in respect of earlier years made by Provident Fund Commissioner under appeal	98,317	98,317	98,317
iii) Outstanding Bank Guarantees and Letter of credit	–	–	1,000,000
iv) Corporate Guarantee given by the Company for Loans taken by other Bodies Corporate	250,000,000	–	–
35.02 Commitments:			
Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of Advance ₹ 891,627/- (2017 ₹ 871,627/-) (2016 ₹ 2,296,627/-)]	2,036,627	4,338,827	3,956,627
35.03 Total Salaries, Wages and Bonus for the year.	27,193,797	24,998,355	24,756,021

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 36
Employee Benefits:

As per Indian Accounting Standard- 19 "Employee Benefits", the disclosures of Employee Benefits are as follows:

Defined Contribution Plan:

Employee Benefits in the form of Provident Fund and Employees' State Insurance Scheme (ESI) are considered as defined contribution plan.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution.

The contributions to the defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under:

Defined Contribution Plan

	Year ended 31 March 2018 ₹	Year ended 31 March 2017 ₹
Employer's Contribution to Provident Fund	1,680,049	1,491,983
Employer's Contribution to Employees' State Insurance Scheme	320,384	219,095

Post employment defined benefit plan - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed continuously atleast five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The approved gratuity fund is in the form of a trust and is governed by the Board of Trustees who are responsible for administration of investment of the plan assets. The trust has taken an insurance policy with the Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The present value of defined benefits obligations, fair value of defined plan assets, actuarial gain/ (loss) on plan assets, expense recognised in the Statement of Profit and Loss and Other Comprehensive Income, actuarial assumptions and other information are given in the succeeding tables.

Net defined benefit liabilities

	As at 31 March 2018 ₹	As at 31 March 2017 ₹	As at 1 April 2016 ₹
Present value of defined benefit obligations	5,618,507	4,565,750	4,521,201
Fair value of plan assets	4,077,494	4,063,802	4,351,173
Net defined benefit liabilities	(1,541,013)	(501,948)	(170,028)

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 36 (Contd.)
Reconciliation of the net defined benefit liabilities:
Description

	Gratuity (Funded)	
	As at 31 March 2018	As at 31 March 2017
	₹	₹
(i) Reconciliation of present value of defined benefit obligations		
(a) Balance at the Beginning of the year	4,565,750	4,521,201
(b) Current service cost	329,628	332,048
(c) Interest Cost	340,845	295,813
(d) Past Service Cost- plan amendments	1,000,000	—
(e) Benefits paid	(278,394)	(590,607)
(f) Actuarial (gain)/ loss on defined benefit obligations:		
– due to change in financial assumptions	(173,618)	226,178
– due to experience changes	(165,704)	(218,883)
Balance at the end of the year	5,618,507	4,565,750
(ii) Reconciliation of fair value of plan assets		
(a) Balance at the Beginning of the year	4,063,802	4,351,173
(b) Actual return on plan assets	(20,827)	(1,346)
(c) Interest income	312,913	304,582
(d) Benefits paid	(278,394)	(590,607)
Balance at the end of the year	4,077,494	4,063,802
(iii) Actuarial gain/ (loss) on plan assets		
(a) Expected Interest Income	312,913	304,582
(b) Actual return on plan assets	292,086	303,236
Actuarial gain/ (loss) on plan assets	(20,827)	(1,346)
(iv) Expense recognised in Statement of Profit and Loss		
(a) Current service cost	329,628	332,048
(b) Interest cost	27,932	(8,769)
(c) Past Service Cost- plan amendments	1,000,000	—
Amount charged to Profit and Loss	1,357,560	323,279
(v) Remeasurement recognised in Other Comprehensive Income		
(a) Actuarial gain/ (loss) on defined benefit obligations	339,322	(7,295)
(b) Actuarial gain/ (loss) on plan assets	(20,827)	(1,346)
Actuarial gain/ (loss) on plan assets	318,495	(8,641)

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 36 (Contd.)
(vi) Category of Plan assets

Insurer Managed Fund 100.00% 100.00%

The Employee's Gratuity Fund Scheme, a Defined Benefit Plan, is administered by Life Insurance Corporation of India (LIC).

Life Insurance Corporation of India (LIC) makes payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit as prescribed.

(vii) Actuarial assumptions

Principal actuarial assumptions at the reporting date
(expressed as weighted averages)

	As at 31 March 2018	As at 31st March 2017
(a) Discount rate %	7.70%	7.00%
(b) Expected Return on Plan Assets %	7.70%	7.00%
(c) Expected Rate of Salary increase %	6.00%	6.00%
(d) Mortality Rates	IALM 2006 - 2008 Ultimate	IALM 2006 - 2008 Ultimate
(e) Withdrawal rates	6.00%	6.00%

(viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	As at 31 March 2018				As at 31 March 2017			
	Increase		Decrease		Increase		Decrease	
(a) Discount rate (0.50% movement)	-2.05%	5503440	2.18%	5740934	-2.60%	4449071	2.70%	4690187
(b) Salary growth (0.50% movement)	2.19%	5741608	-2.08%	5501811	2.70%	4690043	-2.60%	4448176
(c) Attrition Rate (0.50% movement)	0.01%	5619181	-0.01%	5617833	-0.02%	4558365	0.02%	4573205
(d) Mortality Rate (10% movement)	0.02%	5619406	-0.02%	5617608	-	4566151	-	4565349

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown

Risk Exposure

The company is exposed to a number of risks in respect of the defined benefit plan. In particular, the Company is exposed to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets and change in the discount rate.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE – 37 Information in accordance with the requirements of Related Party Disclosures.
A) LIST OF RELATED PARTIES
Enterprises in which the Company is having substantial interest – Associate:-

Gillanders Arbuthnot & Company Limited

Names of the Key Management Personnel / Directors of the Company:-
Key Management Personnel / Directors

 Sri A. K. Kothari Non – Executive Chairman (Upto 7th November, 2017)

 Smt. P. D. Kothari Non – Executive Director (Upto 7th November, 2017)

Sri A. V. Kothari Non – Executive Director

Sri S. Bagri Non – Executive, Independent Director

Sri A. Khandelwal Non – Executive, Independent Director

Sri A. Agarwal Non – Executive, Independent Director

 Sri K. C. Mohta Non – Executive Director (Upto 9th November, 2016)

 Smt. V. Kothari Additional Director – Non – Executive Director (From 7th November, 2017)

Sri A. K. Toshniwal Executive – Managing Director

Sri M. L. Daga Company Secretary

Sri R. Gupta Chief Financial Officer (From 01/06/2016)

Enterprises over which Directors, Key Management Personnel and their relatives are able to exercise significant influence:-

Albert David Limited

Bharat Fritz Werner Limited

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 37 (Contd.)

B) TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR:-

Nature of Transactions	Enterprises in which the Company is having substantial interest – Associate		Enterprises over which directors, key management personnel and their relatives are able to exercise significant influence		Key Management Personnel / Directors of the Company	
	2017-2018 ₹	2016-2017 ₹	2017-2018 ₹	2016-2017 ₹	2017-2018 ₹	2016-2017 ₹
Rent & Electricity Paid :						
Gillanders Arbuthnot & Company Limited	121,982	104,031	-	-	-	-
Dividend Received :						
Albert David Limited	-	-	338,740	-	-	-
Loans Taken (Unsecured) :						
Smt. P. D. Kothari	-	-	-	-	-	22,000,000
Repayment of Loans (Unsecured) :						
Smt. P. D. Kothari	-	-	-	-	20,000,000	2,000,000
Interest on Loans Taken :						
Smt. P. D. Kothari	-	-	-	-	329,645	749,589
Outstanding balances at the year end :						
Smt. P. D. Kothari	-	-	-	-	-	20,000,000

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 37 (Contd.)

Nature of Transactions	Enterprises in which the Company is having substantial interest – Associate		Enterprises over which directors, key management personnel and their relatives are able to exercise significant influence		Key Management Personnel / Directors of the Company	
	2017-2018 ₹	2016-2017 ₹	2017-2018 ₹	2016-2017 ₹	2017-2018 ₹	2016-2017 ₹
Directors' Sitting Fees :						
Sri A. K. Kothari (Upto 7 th November 2017)	—	—	—	—	12,000	16,000
Smt. P. D. Kothari (Upto 7 th November, 2017)	—	—	—	—	6,000	10,000
Sri A. V. Kothari	—	—	—	—	12,000	4,000
Sri S. Bagri	—	—	—	—	24,000	24,000
Sri A. Khandelwal	—	—	—	—	24,000	24,000
Sri A. Agarwal	—	—	—	—	4,000	8,000
Sri K. C. Mohta (Upto 9 th November, 2016)	—	—	—	—	—	2,000
Smt. V. Kothari (From 7 th November, 2017)	—	—	—	—	6,000	—



Kothari
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KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED
CIN : L15491WB1897PLC001365



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NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 37 (Contd.)

Nature of Transactions	Enterprises in which the Company is having substantial interest – Associate		Enterprises over which directors, key management personnel and their relatives are able to exercise significant influence		Key Management Personnel / Directors of the Company	
	2017–2018 ₹	2016–2017 ₹	2017–2018 ₹	2016–2017 ₹	2017–2018 ₹	2016–2017 ₹
Directors' Commission :						
Sri A. K. Kothari (Upto 7 th November 2017)	–	–	–	–	–	50,000
Smt. P. D. Kothari (Upto 7 th November, 2017)	–	–	–	–	–	50,000
Sri A. V. Kothari	–	–	–	–	60,000	50,000
Sri S. Bagri	–	–	–	–	60,000	50,000
Sri A. Khandelwal	–	–	–	–	60,000	50,000
Sri A. Agarwal	–	–	–	–	60,000	50,000
Smt. V. Kothari (From 7 th November, 2017)	–	–	–	–	60,000	–
Remuneration Paid :						
Sri A. K. Toshniwal - Managing Director	–	–	–	–	2,387,184	2,236,200
Sri M. L. Daga – Company Secretary	–	–	–	–	1,669,100	1,615,500
Sri R. Gupta – Chief Financial Officer (From 01/06/2016)	–	–	–	–	955,964	735,105

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE -38
Information on Segment Reporting

The Company has two primary business segments viz: Bulk Drugs and Chemicals

Bulk Drugs comprises of manufacture, Job Work and sale of Bulk Drugs and related products.

Chemicals comprises of manufacture and sale of Formaldehyde, Hexamine and Phenolic Resin etc.

Others represent all unallocable items not included in the segments.

There are no intersegment transactions during the year.

Information about Business Segments

	2017-2018	2016-2017
	₹	₹
Revenue External (Net Sales and other incomes)		
Bulk Drugs	166,687,655	124,249,659
Chemicals	73,320,626	87,804,163
Others	23,847,302	21,460,865
Total	<u>263,855,583</u>	<u>233,514,687</u>
Profit / (Loss) before Tax		
Bulk Drugs	45,446,155	29,900,924
Chemicals	5,476,109	8,414,152
Others	12,885,255	14,615,012
Total	<u>63,807,519</u>	<u>52,930,088</u>
Depreciation and Amortisation		
Bulk Drugs	8,378,626	7,675,650
Chemicals	657,109	683,754
Others	161,580	238,676
Total	<u>9,197,315</u>	<u>8,598,080</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 38 (Contd.)

	2017-2018	2016-2017
	₹	₹
Capital Expenditure		
Bulk Drugs	5,227,343	3,955,490
Chemicals	—	—
Others	15,08,814	—
Total	6,736,157	3,955,490
Assets		
Bulk Drugs	214,611,098	221,024,646
Chemicals	42,858,669	54,063,572
Others	293,107,527	251,037,882
Total	550,577,294	526,126,100
Liabilities *		
Bulk Drugs	9,884,319	31,484,795
Chemicals	12,284,009	12,607,813
Others	10,361,918	27,695,540
Total	32,530,246	71,788,148

* Excluding Shareholders' Funds

Information about Secondary Segments
Segment Revenue (External) by Geographical Location of Customers

Within India	75,367,675	80,838,558
Outside India	164,640,606	131,215,264
Total	240,008,281	212,053,822

Segment Assets by Geographical Locations

Within India	257,469,767	275,088,218
Outside India	—	—
Total	257,469,767	275,088,218

Segment Capital Expenditure

Within India	2,640,143	3,955,490
Outside India	2,587,200	—
Total	5,227,343	3,955,490

NOTE - 39

Derivative Instruments and Unhedged Foreign Currency Exposure:

- (i) The Company has not entered into any forward contract during the year.
- (ii) There is no unhedged foreign currency exposure as at 31st March 2018.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 40
FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT
A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	Carrying Amount				Fair Value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
	₹	₹	₹	₹	₹
As at 31 March 2018					
Financial assets					
Investments	123,448,133	—	—	123,448,133	123,448,133
Trade receivables	12,744,035	—	—	12,744,035	12,744,035
Cash and cash equivalents	—	—	26,101,614	26,101,614	26,101,614
Bank balances other than cash and cash equivalents above	—	—	67,657,175	67,657,175	67,657,175
Loans	—	—	100,000,000	100,000,000	100,000,000
Other financial assets	—	—	4,816,686	4,816,686	4,816,686
	<u>136,192,168</u>	<u>—</u>	<u>198,575,475</u>	<u>334,767,643</u>	<u>334,767,643</u>
Financial liabilities					
Borrowing	—	—	—	—	—
Trade Payables	—	—	18,136,238	18,136,238	18,136,238
Other financial liabilities	—	—	4,637,809	4,637,809	4,637,809
	<u>—</u>	<u>—</u>	<u>22,774,047</u>	<u>22,774,047</u>	<u>22,774,047</u>
As at 31 March 2017					
Financial assets					
Investments	89,520,329	—	—	89,520,329	89,520,329
Trade receivables	15,761,696	—	—	15,761,696	15,761,696
Cash and cash equivalents	—	—	7,501,307	7,501,307	7,501,307
Bank balances other than cash and cash equivalents above	—	—	49,186,860	49,186,860	49,186,860
Loans	—	—	95,000,000	95,000,000	95,000,000
Other financial assets	—	—	5,476,596	5,476,596	5,476,596
	<u>105,282,025</u>	<u>—</u>	<u>157,164,763</u>	<u>262,446,788</u>	<u>262,446,788</u>
Financial liabilities					
Borrowing	—	—	30,000,000	30,000,000	30,000,000
Trade Payables	—	—	12,081,760	12,081,760	12,081,760
Other financial liabilities	—	—	6,408,788	6,408,788	6,408,788
	<u>—</u>	<u>—</u>	<u>48,490,548</u>	<u>48,490,548</u>	<u>48,490,548</u>
As at 1 April 2016					
Financial assets					
Investments	82,939,190	—	—	82,939,190	82,939,190
Trade receivables	12,429,433	—	—	12,429,433	12,429,433
Cash and cash equivalents	—	—	49,972,600	49,972,600	49,972,600
Bank balances other than cash and cash equivalents above	—	—	14,821,827	14,821,827	14,821,827
Loans	—	—	35,000,000	35,000,000	35,000,000
Other financial assets	—	—	2,715,378	2,715,378	2,715,378
	<u>95,368,623</u>	<u>—</u>	<u>102,509,805</u>	<u>197,878,428</u>	<u>197,878,428</u>
Financial liabilities					
Borrowing	—	—	24,674,163	24,674,163	24,674,163
Trade Payables	—	—	15,797,195	15,797,195	15,797,195
Other financial liabilities	—	—	4,699,817	4,699,817	4,699,817
	<u>—</u>	<u>—</u>	<u>45,171,175</u>	<u>45,171,175</u>	<u>45,171,175</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 40 (Contd.)
B. Measurement of Fair Values
Valuation Techniques and Significant Unobservable Inputs

The fair value of cash and cash equivalents, bank balances, trade receivables, loans, investments in Government Securities, borrowings, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short – term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of such loans approximates fair value.

C. Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk Management Framework

The Company's principal financial liabilities include borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that derive directly from its operations.

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 40 (Contd.)

credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis.

As per simplified approach, the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

The movements of Trade Receivables and Expected Credit Loss are as follows:

Particulars	As at 31 st March 2018 ₹	As at 31 st March 2018 ₹	As at 1 st April 2016 ₹
Trade Receivable (Gross)	12,745,602	15,820,675	12,597,933
Less : Expected Credit Loss	1,567	58,979	168,500
Trade Receivables (Net)	12,744,035	15,761,696	12,429,433

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due.

(iii) Market Risk

Market risk is the risk that changes in market prices – foreign exchange rates and interest rates etc. that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 41
Discontinued Operations
(a) Description

The operations of Southern Synthetics Division has been discontinued w. e. f. 7th September 2017. The assets of the division has been disposed off and the liabilities have been duly paid. The Statement of Profit and Loss for the year ended 31st March 2016 & 31st March 2017 have been restated by the management to give effect to the discontinuation.

(b) Financial information relating to the discontinued operation for the period to the appointed date is set out below:

Particulars	For the period ended 07.09.2017 ₹
Revenue from operations	1,405,223
Other income*	45,633,665
Total income	47,038,888
Expenses	
Cost of materials consumed	632,455
Changes in Inventories of Finished Goods, work – in – progress and stock – in – trade	501
Employee benefit expense	607,037
Depreciation and amortization expense	136,958
Power & Fuel	422,796
Other expenses	5,048,963
Total expenses	6,848,710
Profit before tax	40,190,178
Income Tax expense	8,600,000
Profit for the period from discontinued operations	31,590,178

(c) The net cash flows attributable to the discontinued operations are as follows:

Particulars	For the period ended 07.09.2017 ₹
Net cash flow from Operating Activities	328,666
Net cash flow from Investing Activities	47,318,205
Net cash flow (used in) / from Financing Activities *	(47,646,871)
Net Cash Flow	–

* Represents Fund transferred to Head Office.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 42
Capital Management

The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders and debt includes borrowings.

NOTE – 43
Explanation of Transition to Ind AS

As stated in Note 1 (a), the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e., 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the Comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with the previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

A. Optional Exemptions Availed and Mandatory Exceptions

In preparing the financial statements, the Company has applied the below mentioned:

- (a) The Company has elected to continue with the carrying value of all property, plant and equipment under GAAP as deemed cost as the transition date i.e., 1st April 2016. Under the previous GAAP, property, plant and equipment were stated at their original cost (net of accumulated depreciation, amortization and impairment), if any, adjusted by revaluation of certain assets.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)

- (b) The Company has elected to continue with the carrying value of Capital work in progress as recognized under the previous GAAP as deemed cost as at the transition date.
- (c) 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, assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.
- (d) As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

- (e) Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)
B. Reconciliation of equity

Particulars	Note	As at 31 March 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
		₹	₹	₹
ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	3	58,900,672	—	58,900,672
(b) Capital work-in-progress		36,862,045	—	36,862,045
(c) Intangible Assets	4	—	—	—
(d) Investments in associates	5	51,748,615	—	51,748,615
(e) Financial Assets				
(i) Investments	5	61,981,664	27,538,665	89,520,329
(ii) Other financial assets	6	2,789,417	—	2,789,417
(f) Other Non-Current Assets	7	886,627	—	886,627
Total Non-Current Assets		213,169,040	27,538,665	240,707,705
2 Current Assets				
(a) Inventories	8	97,717,206	—	97,717,206
(b) Financial Assets				
(i) Trade Receivables	9	15,820,675	(58,979)	15,761,696
(ii) Cash and Cash Equivalents	10	7,501,307	—	7,501,307
(iii) Bank Balances other than (ii) above	11	49,186,860	—	49,186,860
(iv) Loans	12	95,000,000	—	95,000,000
(v) Other Financial Assets	13	2,687,179	—	2,687,179
Current Tax Assets (net)	14	8,829,037	—	8,829,037
Other Current Assets	15	8,735,110	—	8,735,110
Total Current Assets		285,477,374	(58,979)	285,418,395
TOTAL ASSETS		498,646,414	27,479,686	526,126,100
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	16	38,831,750	—	38,831,750
(b) Other Equity	17	374,549,257	40,956,945	415,506,202
TOTAL EQUITY		413,381,007	40,956,945	454,337,952
LIABILITIES				
1 Non-Current Liabilities				
(a) Provisions	18	2,146,988	284,872	2,431,860
(b) Deferred tax Liabilities (net)	19	2,300,043	258,964	2,559,007
Total Non-Current Liabilities		4,447,031	543,836	4,990,867
2 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowing	20	30,000,000	—	30,000,000
(ii) Trade Payables	21	12,081,760	—	12,081,760
(iii) Other Financial Liabilities	22	6,408,788	—	6,408,788
(b) Provisions		14,021,095	(14,021,095)	—
(c) Other Current Liabilities	23	18,306,733	—	18,306,733
Total Current Liabilities		80,818,376	(14,021,095)	66,797,281
TOTAL LIABILITIES		85,265,407	(13,477,259)	71,788,148
TOTAL EQUITY AND LIABILITIES		498,646,414	27,479,686	526,126,100

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)

Particulars	Note	As at 1st April 2016		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
		₹	₹	₹
ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	3	62,874,129	—	62,874,129
(b) Capital work-in-progress		37,821,263	—	37,821,263
(c) Intangible Assets	4	—	—	—
(d) Investments in associates	5	51,748,615	—	51,748,615
(e) Financial Assets				
(i) Investments	5	63,682,254	19,256,936	82,939,190
(ii) Other financial assets	6	2,625,420	—	2,625,420
(f) Other Non-Current Assets	7	2,311,627	—	2,311,627
Total Non-Current Assets		221,063,308	19,256,936	240,320,244
2 Current Assets				
(a) Inventories	8	101,145,492	—	101,145,492
(b) Financial Assets				
(i) Trade Receivables	9	12,467,951	(38,518)	12,429,433
(ii) Cash and Cash Equivalents	10	49,972,600	—	49,972,600
(iii) Bank Balances other than (ii) above	11	14,821,827	—	14,821,827
(iv) Loans	12	35,000,000	—	35,000,000
(v) Other Financial Assets	13	89,958	—	89,958
Current Tax Assets (net)	14	11,892,518	—	11,892,518
Other Current Assets	15	12,081,280	—	12,081,280
Total Current Assets		237,471,626	(38,518)	237,433,108
TOTAL ASSETS		458,534,934	19,218,418	477,753,352
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	16	38,831,750	—	38,831,750
(b) Other Equity	17	358,171,432	30,556,560	388,727,992
TOTAL EQUITY		397,003,182	30,556,560	427,559,742
LIABILITIES				
1 Non-Current Liabilities				
(a) Provisions	18	1,890,364	—	1,890,364
(b) Deferred tax Liabilities (net)	19	2,148,104	346,104	2,494,208
Total Non-Current Liabilities		4,038,468	346,104	4,384,572
2 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowing	20	24,674,163	—	24,674,163
(ii) Trade Payables	21	15,797,195	—	15,797,195
(iii) Other Financial Liabilities	22	4,699,817	—	4,699,817
(b) Provisions		11,684,246	(11,684,246)	—
(c) Other Current Liabilities	23	637,863	—	637,863
Total Current Liabilities		57,493,284	(11,684,246)	45,809,038
TOTAL LIABILITIES		61,531,752	(11,338,142)	50,193,610
TOTAL EQUITY AND LIABILITIES		458,534,934	19,218,418	477,753,352

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)
C. Reconciliation of total Comprehensive Income for the year ended 31st March 2017

Particulars	Note	As at 31st March 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
		₹	₹	₹
I. Revenue from operations	24	212,053,822	–	212,053,822
II. Other income	25	13,179,135	8,281,730	21,460,865
III. Total Income		225,232,957	8,281,730	233,514,687
IV. Expenses				
Cost of materials consumed	26	77,166,130	–	77,166,130
Purchase of Stock in Trade		–	–	–
Changes in Inventories of Finished Goods, work-in-progress and stock-in-trade	27	23,944,005	–	23,944,005
Employee benefit expense	28	28,099,015	276,231	28,375,246
Finance costs	29	1,199,298	–	1,199,298
Depreciation and amortisation expense	30	8,598,080	–	8,598,080
Power & Fuel	31	8,743,746	–	8,743,746
Other expenses	32	32,537,632	20,462	32,558,094
Total expenses		180,287,906	296,693	180,584,599
V. Profit before Exceptional items and tax		44,945,051	7,985,037	52,930,088
Exceptional Items		–	–	–
VI. Profit before tax		44,945,051	7,985,037	52,930,088
VII. Tax expense	33			
- Current tax		14,370,000	–	14,370,000
- Tax for earlier years		285,182	–	285,182
- Deferred tax		151,939	(84,283)	67,656
Total tax expense		14,807,121	(84,283)	14,722,838
VIII. Profit from continuing operations		30,137,930	8,069,320	38,207,250
IX. Profit after tax from discontinuing operations		260,990	–	260,990
X. Profit for the year		30,398,920	8,069,320	38,468,240
XI. Other Comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations		–	(8,641)	(8,641)
Tax expense on the above		–	2,857	2,857
Other comprehensive income for the year		–	(5,784)	(5,784)
XII. Total comprehensive income for the year		30,398,920	8,063,536	38,462,456

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 44

Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March, 2017.

Particulars	Previous GAAP ₹	Adjustment ₹	Ind AS ₹
Net cash flow from Operating Activities	51,836,063	–	51,836,063
Net cash flow from Investing Activities	(53,086,123)	–	(53,086,123)
Net cash flow from Financing Activities	(6,856,200)	–	(6,856,200)
Net increase / (decrease) in cash and cash equivalents	(8,106,260)	–	(8,106,260)
Cash and cash equivalents as at 1 April 2016	64,794,427	–	64,794,427
Cash and cash equivalents as at 31 March 2017	56,688,167	–	56,688,167

NOTE - 45

Previous Years' figures have been reclassified / regrouped to confirm the presentation requirements under IND AS and the requirements laid down in Division - II of the Schedule - III of the Companies Act, 2013.

Signature to Note '1' to '45'

Supratim Roychoudhury
 Partner
 Membership No. 066040
 For and on behalf of
 K. Ray & Company
 Chartered Accountants
 Firm Registration No. 312142E

Kolkata,
 30th May, 2018

R. Gupta
 Chief Financial Officer

M. L. Daga
 Company Secretary
 M. No. F2650

A. V. Kothari
 Director
 DIN : 02572346

On behalf of the Board

A. K. Toshniwal
 Mg. Director
 DIN : 06872891

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report on the Consolidated Financial Statements to the Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED**.

Report on the Consolidated Financial Statements.

1. We have audited the accompanying consolidated financial statements of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED** ("the Company"), and its associate company, (Refer Notes 1(a) and 1(b) to the attached consolidated financial statements) which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT– (Contd.)

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs as at 31st March, 2018, consolidated profit and Loss, consolidated cash flows and statement of changes in equity for the year ended on that date.

Other Matter

8. We have not audited the financial statements of the associate company included in the financial statements which constitute Loss (Net of other comprehensive Income of ₹ 89,98,251/-) of ₹ 1,84,19,037/- (Rupees One crore eighty four lakhs nineteen thousand thirty seven only) for the year ended 31st March, 2018. This financial statement and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of the associate company's auditors. Our opinion is not qualified in respect of this matter.

Supratim Roychoudhury
Partner
Membership Number - 066040
For and on behalf of
K. Ray & Company
Chartered Accountants
Firm Registration No. 312142E

Kolkata, 30th May, 2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

	Note	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April, 2016 ₹
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	3	60,398,464	58,900,672	62,874,129
Capital Work - in - progress		30,697,845	36,862,045	37,821,263
Intangible Assets	4	55,739	—	—
Investments in Associate (accounted for using Equity Method)	5	712,593,393	731,012,430	764,438,262
Financial Assets				
i. Investments	5	123,448,133	89,520,329	82,939,190
ii. Other Financial Assets	6	2,051,701	2,789,417	2,625,420
Other Non - Current Assets	7	906,627	886,627	2,311,627
Total Non - Current Assets		930,151,902	919,971,520	953,009,891
Current Assets				
Inventories	8	61,898,926	97,717,206	101,145,492
Financial Assets				
i. Trade Receivables	9	12,744,035	15,761,696	12,429,433
ii. Cash and Cash Equivalents	10	26,101,614	7,501,307	49,972,600
iii. Bank Balances other than Cash and Cash Equivalents	11	67,657,175	49,186,860	14,821,827
iv. Loans	12	100,000,000	95,000,000	35,000,000
v. Other Financial Assets	13	2,764,985	2,687,179	89,958
Current Tax Assets (Net)	14	4,368,392	8,829,037	11,892,518
Other Current Assets	15	5,735,043	8,735,110	12,081,280
Total Current Assets		281,270,170	285,418,395	237,433,108
Total Assets		1,211,422,072	1,205,389,915	1,190,442,999
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	16	38,831,750	38,831,750	38,831,750
Other Equity				
Reserves and Surplus	17	1,140,060,076	1,094,770,017	1,101,417,639
Total Equity		1,178,891,826	1,133,601,767	1,140,249,389
LIABILITIES				
Non - Current Liabilities				
Provisions	18	3,424,017	2,431,860	1,890,364
Deferred Tax Liabilities (Net)	19	5,845,008	2,559,007	2,494,208
Total Non - Current Liabilities		9,269,025	4,990,867	4,384,572
Current Liabilities				
Financial Liabilities				
i. Borrowings	20	—	30,000,000	24,674,163
ii. Trade Payables	21	18,136,238	12,081,760	15,797,195
iii. Other Financial Liabilities	22	4,637,809	6,408,788	4,699,817
Other Current Liabilities	23	487,174	18,306,733	637,863
Total Current Liabilities		23,261,221	66,797,281	45,809,038
Total Liabilities		32,530,246	71,788,148	50,193,610
Total Equity and Liabilities		1,211,422,072	1,205,389,915	1,190,442,999

Significant Accounting Policies 2
This is the Balance Sheet referred to in our report of even date.

The Notes referred to above form an integral part of the consolidated financial statements
On behalf of the Board

Supratim Roychoudhury
Partner
Membership No. 066040
For and on behalf of
K. Ray & Company
Chartered Accountants
Firm Registration No. 312142E
Kolkata,
30th May, 2018

R. Gupta
Chief Financial Officer

M. L. Daga
Company Secretary
M. No. F2650

A. V. Kothari
Director
DIN : 02572346

A. K. Toshniwal
Mg. Director
DIN : 06872891

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

INCOME :	Note	2017 – 2018	2016 – 2017
		₹	₹
Revenue from Operations	24	240,008,281	212,053,822
Other Income	25	23,847,302	21,460,865
Total Revenue		263,855,583	233,514,687
EXPENDITURE:			
Cost of Materials Consumed	26	97,397,911	77,166,130
Purchases of Stock - in - Trade		11,424,000	–
Changes in Inventories of Finished Goods,			
Work - in - Progress and Stock - in - Trade	27	8,922,524	23,944,005
Employee Benefits Expense	28	31,597,080	28,375,246
Finance Costs	29	681,874	1,199,298
Depreciation and Amortisation Expense	30	9,197,315	8,598,080
Power & Fuel	31	11,363,618	8,743,746
Other Expenses	32	29,463,742	32,558,094
Total Expenses		200,048,064	180,584,599
Profit before Exceptional items, Share of			
profits of Associate and Tax		63,807,519	52,930,088
Share of Profit/(Loss) of Associates		(27,417,288)	(35,108,235)
Profit before Exceptional Items and Tax		36,390,231	17,821,853
Exceptional Items		–	–
PROFIT BEFORE TAX		36,390,231	17,821,853
Tax Expense	33		
- Current Tax		14,700,000	14,370,000
- Taxation adjustments of earlier years (Net)		–	285,182
- Deferred Tax (Net)		3,179,675	67,656
Total Tax Expenses		17,879,675	14,722,838
PROFIT FROM CONTINUING OPERATIONS		18,510,556	3,099,015
PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS		31,590,178 *	260,990
*(Refer Note - 41 (b))			
PROFIT FOR THE YEAR		50,100,734	3,360,005
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Post - Employment benefit obligations		318,495	(8,641)
Tax Expense on the above		(106,326)	2,857
Share of Other comprehensive Income of Associate		8,998,251	1,682,403
Other Comprehensive Income for the year		9,210,420	1,676,619
Total Comprehensive Income for the year		59,311,154	5,036,624
EARNINGS PER ORDINARY SHARE OF Rs. 10/- EACH	34		
For Continuing Operations :			
Basic and Diluted		4.77	0.80
For Discontinued Operations :			
Basic and Diluted		8.14	0.07
For Continuing and Discontinued Operations :			
Basic and Diluted		12.91	0.87

This is the statement of Profit & Loss referred to in our report of even date.

The Notes referred to above form an integral part of the Consolidated Financial Statements.

Supratim Roychoudhury
Partner

On behalf of the Board

Membership No. 066040
For and on behalf of
K. Ray & Company

Kolkata,
30th May, 2018

Chartered Accountants
Firm Registration No. 312142E

R. Gupta
Chief Financial Officer

M. L. Daga
Company Secretary
M. No. F2650

A. V. Kothari
Director
DIN : 02572346

A. K. Toshniwal
Mg. Director
DIN : 06872891

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit before Tax from				
Continuing Operations		36,390,231		17,821,853
Discontinued Operations (Note No.41)		40,190,178		390,990
Profit before Tax including Discontinued Operations		<u>76,580,409</u>		<u>18,212,843</u>
Adjustments for :				
Net Gain on Disposal of Property, Plant and Equipment of Discontinued Division (Note No.41)	(45,232,551)		–	
Depreciation and Amortisation Expense				
From Continuing Operations	9,197,315		8,598,080	
From Discontinued Operations (Note No.41)	136,958		273,916	
Net Gain on Disposal of Property, Plant and Equipment	–		(130,331)	
Dividend Income from Non-Current Investment	(492,615)		(155,675)	
Net (Gain)/Loss on sale of Non-Current Investments	(8,653,985)		(1,632,578)	
Net Fair Value Gain on Non-Current Investments measured at FVTPL	(434,804)		(8,281,730)	
Share of (Profit) / Loss of Associate	27,417,288		35,108,235	
Expected Credit Loss on Trade Receivables	–		20,462	
Expected Credit Loss on Trade Receivables Written Back	(57,412)		–	
Bad & Sundry Receivables written off	246,694		–	
Interest (Net)	(12,930,892)		(8,631,947)	
Liabilities & Provisions no longer required written back	(252,119)	(31,056,123)	(1,375,158)	23,793,274
Operating Profit before Working Capital Changes		<u>45,524,286</u>		<u>42,006,117</u>
Adjustments for :				
Trade and Other Receivables	6,526,162		1,254,448	
Inventories	35,818,280		3,428,286	
Trade and Other Payables	(11,322,374)	31,022,068	16,868,913	21,551,647
Cash Generated from Operations		<u>76,546,354</u>		<u>63,557,764</u>
Direct Taxes - (Payments)/Refunds (Net)	(18,839,355)	(18,839,355)	(11,721,701)	(11,721,701)
Net Cash (Used in) / From Operating Activities		<u>57,706,999</u>		<u>51,836,063</u>
B. Cash Flow From Investing Activities :				
Purchase of Property, Plant and Equipment/ Intangible Assets	(6,809,257)		(3,955,490)	
Proceeds from Disposal of Property, Plant and Equipment				
From Continuing Operations	–		146,500	
From Discontinued Operations	47,318,204		–	
Dividend Received	492,615		155,675	
Purchase of Non- Current Investments	(59,403,411)		(2,570,560)	
(Increase) / Decrease in Loans Given	(5,000,000)		(60,000,000)	
Proceeds from Sale of Non- Current Investments	34,564,396		5,903,728	
Interest Received	13,554,960		7,234,024	
Net Cash (Used in) / From Investing Activities		<u>24,717,507</u>		<u>(53,086,123)</u>

CONSOLIDATED CASH FLOW STATEMENT (Cont.)

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
C. Cash Flow from Financing Activities				
Repayment of Short Term Borrowings from Bank	(10,000,000)		(14,653,686)	
Repayment of Short Term Borrowings from Others	(20,000,000)		19,979,523	
Interest Paid	(1,356,504)		(524,668)	
Dividends Paid	(11,625,810)		(9,681,061)	
Tax on Dividend Paid	(2,371,570)		(1,976,308)	
Net Cash (Used in) / From Financing Activities		(45,353,884)		(6,856,200)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		37,070,622		(8,106,260)
Cash and Cash Equivalents (Note No. 10 & 11)				
Opening	56,688,167		64,794,427	
Closing	93,758,789	37,070,622	56,688,167	(8,106,260)

NOTES :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard-7 on Cash Flow Statement. Refer Note 41 for Disclosures relating to Discontinued Operations.
- Previous year's figures have been regrouped / re-arranged wherever necessary.

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

Supratim Roychoudhury
 Partner
 Membership No. 066040
 For and on behalf of
 K. Ray & Company
 Chartered Accountants
 Firm Registration No. 312142E
 Kolkata,
 30th May, 2018

R. Gupta
 Chief Financial Officer

M. L. Daga
 Company Secretary
 M. No. F2650

A. V. Kothari
 Director
 DIN : 02572346

On behalf of the Board

A. K. Toshniwal
 Mg. Director
 DIN : 06872891

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018
A) EQUITY SHARE CAPITAL

Particulars	Equity Share Capital ₹
Balance as at 1st April, 2016	38,831,750
Add/(Less): Changes in Equity Share Capital during the year	—
Balance as at 31st March, 2017	38,831,750
Add/(Less): Changes in Equity Share Capital during the year	—
Balance as at 31st March, 2018	38,831,750

B) OTHER EQUITY RESERVES AND SURPLUS

	Capital Reserve	Securities Premium Account	General Reserve	Retained Earning	Retained Earning in Associate	Total
	₹	₹	₹	₹	₹	₹
Balance as at 1st April 2017	9,193,040	1,450,657	358,735,809	46,126,696	679,263,815	1,094,770,017
Add: Profit / (Loss) for the year	—	—	—	77,518,022	(27,417,288)	50,100,734
Add: Other Comprehensive Income for the year	—	—	—	212,169	8,998,251	9,210,420
Add : Transferred from Statement of Profit and Loss	—	—	50,000,000	—	—	50,000,000
	9,193,040	1,450,657	408,735,809	123,856,887	660,844,778	1,204,081,171
Less: Appropriations						
Transfer to General Reserve	—	—	—	50,000,000	—	50,000,000
Dividend Paid	—	—	—	11,649,525	—	11,649,525
Tax on Dividends	—	—	—	2,371,570	—	2,371,570
Total Appropriations	—	—	—	64,021,095	—	64,021,095
Balance as at 31st March 2018	9,193,040	1,450,657	408,735,809	59,835,792	660,844,778	1,140,060,076
Balance as at 1st April 2016	9,193,040	1,450,657	338,735,809	39,348,486	712,689,647	1,101,417,639
Add: Profit / (Loss) for the year	—	—	—	38,468,240	(35,108,235)	3,360,005
Add: Other Comprehensive Income for the year	—	—	—	(5,784)	1,682,403	1,676,619
Add : Transferred from Statement of Profit and Loss	—	—	20,000,000	—	—	20,000,000
	9,193,040	1,450,657	358,735,809	77,810,942	679,263,815	1,126,454,263
Less: Appropriations						
Transfer to General Reserve	—	—	—	20,000,000	—	20,000,000
Dividend Paid	—	—	—	9,707,938	—	9,707,938
Tax on Dividends	—	—	—	1,976,308	—	1,976,308
Total Appropriations	—	—	—	31,684,246	—	31,684,246
Balance as at 31st March 2017	9,193,040	1,450,657	358,735,809	46,126,696	679,263,815	1,094,770,017

 Supratim Roychoudhury
 Partner

Membership No. 066040

For and on behalf of

K. Ray & Company

Chartered Accountants

Firm Registration No. 312142E

 Kolkata,
 30th May, 2018

 R. Gupta
 Chief Financial Officer

 M. L. Daga
 Company Secretary
 M. No. F2650

 A. V. Kothari
 Director
 DIN : 02572346

On behalf of the Board

 A. K. Toshniwal
 Mg. Director
 DIN : 06872891

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE – 1
BASIS OF PREPARATION
(a) General Information:

The Consolidated Financial Statements present the consolidated Accounts of Kothari Phytochemicals & Industries Limited and its associate.

<u>Name of Associate</u>	<u>Percentage of holding by the Company</u>
--------------------------	---

Gillanders Arbuthnot and Company Limited, India	25.78 %
---	---------

- (b)** Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such policies and Notes from the individual financial statements, which fairly present the needed disclosures.

(c) Principals of Consolidation and Equity Accounting:
Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(d) Statement of Compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The financial statements upto and for the year ended 31 March 2017 were prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company had prepared the financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on an accrual basis under the historical cost convention.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 First – time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43.

The financial statements are approved by the Board of Directors of the Company at their meeting held on 30th May, 2018.

Details of the Company's accounting policies are included in Note 2.

(e) Functional and Presentation Currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

(f) The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

Items	Measurement basis
(i) Certain financial assets and financial liabilities	Fair value
(ii) Employee's defined benefit plan	As per actuarial valuation
(iii) Assets held for sale	Lower of its carrying amount and fair value costs to sale

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(g) Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Assumptions and Estimation Uncertainties

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

- Estimation of Useful life and residual value of property, plant and equipment;
- Determining the fair values of investments, in particular of the unlisted securities;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Recognition of deferred tax assets; availability of future taxable profit against which carried forward tax losses can be used;
- Estimation of defined benefit obligations: key actuarial assumptions;
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

(h) Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 40 B.

Determination of Fair Values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial Assets

The fair value of financial instruments that are not traded in an active market and cannot be measured based on quoted prices in active markets is determined using valuation techniques.

(ii) Trade and Other Receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short – term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iii) Financial Liabilities

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(i) Current and Non – Current Classification

All assets and liabilities are classified as current or Non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (i) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

- (ii) It is held primarily for the purpose of being traded;
- (iii) It is expected to be realized within 12 months after the reporting date; or
- (iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non – current financial assets.

All other assets are classified as non – current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (i) It is expected to be settled in the Company's normal operating cycle;
- (ii) It is held primarily for the purpose of being traded;
- (iii) It is due to be settled within 12 months after the reporting date; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non – current financial liabilities.

All other liabilities are classified as non – current.

Deferred tax assets and liabilities are classified as non – current assets and liabilities.

Operating Cycle

For the purpose of current / non – current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE – 2
SIGNIFICANT ACCOUNTING POLICIES:
(a) Property, Plant and Equipment
(i) Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of duties, taxes, after deducting trade discounts and rebates, incidental expenses, erection / commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for separate components of property, plant and equipment.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognized in Statement of Profit and Loss.

Property, plant and equipment under construction are disclosed as Capital work – in – progress.

(ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as an 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (See Note 3).

(iii) Subsequent Expenditure

Subsequent costs are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Depreciation for the year is recognized in the Statement of Profit and loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets.

The useful lives have been determined based on technical evaluation done by the management and are in line with the useful life specified in Part C of Schedule II to the Companies Act; 2013. The residual values are not more than 5 % of the original cost of the asset.

Depreciation on additions / (disposals) is provided on a pro – rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Freehold land is not depreciated.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

Depreciation method, useful lives and residual values of property, plant and equipment are reviewed at each financial year – end and adjusted prospectively, if appropriate.

(v) Capital work – in – Progress (CWIP)

Capital work – in – progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of fixed assets) incurred on project under implementation are treated Pre – operative expenses pending location to the asset and are shown under CWIP.

(b) Intangible Assets

(i) Computer Software

Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization.

(ii) Amortisation

Amortisation is calculated to write off the cost of Intangible assets over their estimated useful lives using the straight – line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Class of assets	Management estimate of useful life (in years)
Computer Software	3

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted, if appropriate.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit and Loss as incurred.

(c) Inventories

Inventories are valued as under:

- | | |
|------------------------|--|
| Raw Materials | - At cost on weighted average method / FIFO |
| Stores and Spare Parts | - At cost on weighted average method / FIFO |
| Materials in Process | - At estimated Cost |
| Finished Goods | - At cost on weighted average method or Net Realizable Value, whichever is lower |

Cost of Inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories.

Net Realizable Value (NRV) is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(d) Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non – monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non – monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction.

Exchange differences are recognized in the Statement of Profit and Loss in the period in which they arise.

(e) Impairment
(i) Impairment of Financial Instruments: Financial Assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The company recognizes impairment loss for trade receivables that do not constitute a financing transaction using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount

equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Impairment of Non – Financial Assets

Property, plant and equipment and intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash – generating units).

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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss previously recognized is reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment loss had not been recognized.

(f) Financial Instruments

(i) Recognition and Initial Measurement

Financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognized at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs are attributable to the acquisition of the financial assets.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balance and derivative financial instruments.

The financial liabilities include trade and other payables, loans and borrowings including bank overdraft, derivative financial instruments etc.

(ii) Classification and Subsequent Measurement of Financial Assets

On initial recognition, a financial asset is classified and measured at:

- amortised cost; or
- fair value through other comprehensive income (FVOCI) - Equity Investment; or
- fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) the contractual terms of the financial 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.

Financial Assets at Fair Value through other Comprehensive Income (FVOCI)

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment – by – investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI 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).

Financial Assets at Fair Value through Profit or Loss (FVTPL)

All financial assets which do not meet the criteria for categorization as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Subsequent measurement and gains and losses

Financial Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of Profit and Loss.
Financial assets at amortised cost	<p>These assets are subsequently measured at amortised cost using the effective interest method (EIR).</p> <p>The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is recognized in Statement of Profit and Loss</p>
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to Statement of Profit and Loss.

Financial Liabilities: Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at FVTPL.

A financial liability is classified as at FVTPL if it is classified as held – for – trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit and Loss.

(iii) Derecognition

Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in Statement of Profit and loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Employee Benefits

(i) Short – Term Employee Benefits

Short – term employee benefit obligations are measured on an undiscounted basis and are expected as the related service is provided. A liability is recognized for the amount expected to be paid, if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined Contribution Plans

Defined contribution plans such as Provident Fund, Employee State Insurance etc. are charged to the statement of profit and loss as and when contributions are made to the related schemes.

(iii) Defined Benefit Plans

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss.

(iv) Compensated Absences

The employees of the company are entitled to compensated absences which are both accumulating and non – accumulating in nature.

The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses are recognized in profit or loss in the period in which they arise.

(h) Provision (other than for Employee Benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

(j) Recognition of Revenue

Revenue is recognized to the extent it is probable that economic benefits would flow to the company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received / receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

pRevenue from sale of goods is recognized when the significant risks and rewards of ownership of products is passed to the buyer as per terms of contract which usually happens on delivery of goods.

(k) Expenses

All expenses are accounted for on accrual basis.

(l) Leases

(i) Assets held under Leases

Lease of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as Finance Leases.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

(ii) Lease Payments

Payments made under operating leases are generally recognized in Statement of Profit and Loss on straight – line basis over the term of Lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

(m) Income Tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognized in the Statement of profit and Loss.

(i) Current Tax

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable Tax rates and the provisions of the Income Tax Act , 1961 and other applicable Tax Laws.

(ii) Deferred Tax

Deferred tax is provided, on all temporary differences at the reporting date between the carrying amount of assets and liabilities for financial reporting purposes and its tax

base. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. Deferred tax assets include Minimum Alternate Tax (MAT) paid (tax credit) in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

(n) Segment Accounting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision – maker (CODM)

The chief operating decision – maker, who is responsible for allocation resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting:

- (i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter segment transfers.

Inter segment transfers are accounted for based on the transaction price agreed to between the segments which is at cost in case of transfer of Company's intermediate and final products and estimated realizable value in case of by – products.
- (ii) Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and / or on a reasonable basis, have been disclosed as "Unallocable".

(o) Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a Substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash and cash – on – deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(q) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non – cash nature, any deferrals or accruals of past or future operating cash receipts of payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating investing and financing activities of the Company are segregated.

(r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(s) Interest in Associate

Investments in associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in associate, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 3

PROPERTY, PLANT AND EQUIPMENT Year ended 31st March, 2018

	Leasehold Land ₹	Freehold Land ₹	Buildings ₹	Plant and Equipment ₹	Electric Installation ₹	Computers ₹	Office Equipment ₹	Furniture and Fixtures ₹	Vehicles ₹	Tubewell and Water Works ₹	Total ₹
Gross Carrying Amount											
Opening Gross Carrying Amount	1,262,400	2,074,532	37,915,717	135,132,987	6,419,262	1,117,238	1,778,383	588,006	3,680,113	314,863	190,283,501
Additions during the year	—	—	4,332,710	6,657,166	—	115,503	1,589,925	—	—	205,053	12,900,357
On Disposals / Adjustments during the year	—	89,249	1,947,345	13,183,902	725,600	55,275	73,537	77,699	—	—	16,152,607
Closing Gross Carrying Amount	<u>1,262,400</u>	<u>1,985,283</u>	<u>40,301,082</u>	<u>128,606,251</u>	<u>5,693,662</u>	<u>1,177,466</u>	<u>3,294,771</u>	<u>510,307</u>	<u>3,680,113</u>	<u>519,916</u>	<u>187,031,251</u>
Accumulated Depreciation											
Accumulated Depreciation upto 1st April, 2017	318,802	—	19,395,103	100,898,363	5,912,037	1,032,122	1,439,343	489,778	1,890,438	6,843	131,382,829
Depreciation charge during the year	12,752	—	932,796	7,686,401	29,892	54,744	110,943	11,875	393,845	83,664	9,316,912
On Disposals / Adjustments during the year	—	—	1,577,602	11,607,570	686,408	52,511	69,478	73,385	—	—	14,066,954
Closing Accumulated Depreciation	<u>331,554</u>	<u>—</u>	<u>18,750,297</u>	<u>96,977,194</u>	<u>5,255,521</u>	<u>1,034,355</u>	<u>1,480,808</u>	<u>428,268</u>	<u>2,284,283</u>	<u>90,507</u>	<u>126,632,787</u>
Net Carrying Amount	<u>930,846</u>	<u>1,985,283</u>	<u>21,550,785</u>	<u>31,629,057</u>	<u>438,141</u>	<u>143,111</u>	<u>1,813,963</u>	<u>82,039</u>	<u>1,395,830</u>	<u>429,409</u>	<u>60,398,464</u>

Year ended 31st March, 2017

	Leasehold Land ₹	Freehold Land ₹	Buildings ₹	Plant and Equipment ₹	Electric Installation ₹	Computers ₹	Office Equipment ₹	Furniture and Fixtures ₹	Vehicles ₹	Tubewell and Water Works ₹	Total ₹
Gross Carrying Amount											
Deemed Cost as at 1st April, 2016	1,262,400	2,074,532	37,915,717	142,884,422	6,419,262	1,171,697	1,682,544	588,006	3,680,113	—	197,678,693
Additions during the year	—	—	—	4,421,003	—	47,550	131,292	—	—	314,863	4,914,708
On Disposals / Adjustments during the year	—	—	—	12,172,438	—	102,009	35,453	—	—	—	12,309,900
Closing Gross Carrying Amount	<u>1,262,400</u>	<u>2,074,532</u>	<u>37,915,717</u>	<u>135,132,987</u>	<u>6,419,262</u>	<u>1,117,238</u>	<u>1,778,383</u>	<u>588,006</u>	<u>3,680,113</u>	<u>314,863</u>	<u>190,283,501</u>
Accumulated Depreciation											
Accumulated Depreciation upto 1st April, 2016	306,050	—	18,511,433	105,790,275	5,866,110	1,087,776	1,342,443	477,694	1,422,783	—	134,804,564
Depreciation charge during the year	12,752	—	883,670	7,279,026	45,927	41,255	122,784	12,084	467,655	6,843	8,871,996
On Disposals / Adjustments during the year	—	—	—	12,170,938	—	96,909	25,884	—	—	—	12,293,731
Closing Accumulated Depreciation	<u>318,802</u>	<u>—</u>	<u>19,395,103</u>	<u>100,898,363</u>	<u>5,912,037</u>	<u>1,032,122</u>	<u>1,439,343</u>	<u>489,778</u>	<u>1,890,438</u>	<u>6,843</u>	<u>131,382,829</u>
Net Carrying Amount	<u>943,598</u>	<u>2,074,532</u>	<u>18,520,614</u>	<u>34,234,624</u>	<u>507,225</u>	<u>85,116</u>	<u>339,040</u>	<u>98,228</u>	<u>1,789,675</u>	<u>308,020</u>	<u>58,900,672</u>

Net Carrying amount as on 1st April, 2016

	Leasehold Land ₹	Freehold Land ₹	Buildings ₹	Plant and Equipment ₹	Electric Installation ₹	Computers ₹	Office Equipment ₹	Furniture and Fixtures ₹	Vehicles ₹	Tubewell and Water Works ₹	Total ₹
Gross Carrying amount as at 1st April, 2016	1,262,400	2,074,532	37,915,717	142,884,422	6,419,262	1,171,697	1,682,544	588,006	3,680,113	—	197,678,693
Accumulated Depreciation upto 1st April, 2016	306,050	—	18,511,433	105,790,275	5,866,110	1,087,776	1,342,443	477,694	1,422,783	—	134,804,564
Net Carrying Amount as on 1st April, 2016	<u>956,350</u>	<u>2,074,532</u>	<u>19,404,284</u>	<u>37,094,147</u>	<u>553,152</u>	<u>83,921</u>	<u>340,101</u>	<u>110,312</u>	<u>2,257,330</u>	<u>—</u>	<u>62,874,129</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 4
INTANGIBLE ASSETS
Year ended 31st March, 2018

	Software	Total
	₹	₹
Gross Carrying Amount		
Opening Gross Carrying Amount	—	—
Additions	73,100	73,100
Disposals	—	—
Closing Gross Carrying Amount	<u>73,100</u>	<u>73,100</u>
Accumulated Amortisation		
Opening accumulated amortisation	—	—
Amortisation charge for the year	17,361	17,361
Closing Accumulated Amortisation	<u>17,361</u>	<u>17,361</u>
Closing Net Carrying Amount	<u>55,739</u>	<u>55,739</u>

Year ended 31st March, 2017

	Software	Total
	₹	₹
Gross Carrying Amount		
Deemed Cost as at 1st April, 2016	—	—
Additions	—	—
Disposals	—	—
Closing Gross Carrying Amount	<u>—</u>	<u>—</u>
Accumulated Amortisation		
Amortisation charge for the year	—	—
Disposals	—	—
Closing Accumulated Amortisation	<u>—</u>	<u>—</u>
Closing Net Carrying Amount	<u>—</u>	<u>—</u>

Net Carrying amount as on 1st April, 2016

	Software	Total
	₹	₹
Gross Carrying amount as at 1st April, 2016	—	—
Accumulated Amortisation upto 1st April, 2016	<u>—</u>	<u>—</u>
Net Carrying Amount as on 1st April, 2016	<u>—</u>	<u>—</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 5

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April 2016 ₹
Non-Current Investments			
A. Investment in Associates			
(Accounted for using Equity Method)			
In Equity Instruments - Quoted, fully paid up			
Gillanders Arbuthnot & Company Limited *	712,593,393	731,012,430	764,438,262
* Refer Note No. 45			
TOTAL A	712,593,393	731,012,430	764,438,262
B. Investment in others			
Quoted			
Fair Value Through Profit & Loss			
Investment in Equity Shares	37,721,222	32,485,952	32,903,636
Investment in Mutual Funds	51,525,974	22,833,440	17,897,276
	89,247,196	55,319,392	50,800,912
Un-Quoted			
Fair Value Through Profit & Loss			
Investment in Equity Shares	38,700,937	38,700,937	36,638,278
Less: Provision for Diminution in carrying amount of Investments	4,500,000	4,500,000	4,500,000
	34,200,937	34,200,937	32,138,278
TOTAL B	123,448,133	89,520,329	82,939,190
Aggregate carrying amount of quoted investments (including investments in Mutual Funds)	801,840,589	786,331,822	815,239,174
Aggregate carrying amount of unquoted investments	34,200,937	34,200,937	32,138,278
	836,041,526	820,532,759	847,377,452
Aggregate Market Value of Quoted Investments in Associates	339,966,620	357,570,070	338,866,405
Aggregate Market Value of Quoted Investments other than Associates	37,721,222	32,485,952	32,903,636
Aggregate Book Value of Unquoted Investments	38,700,937	38,700,937	36,638,278
Aggregate Repurchase price of Mutual Funds	51,525,974	22,833,440	17,897,276

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April 2016 ₹
NOTE - 6			
OTHER FINANCIAL ASSETS			
(Unsecured, Considered good unless stated otherwise)			
Security Deposits	2,051,701	2,789,417	2,625,420
	2,051,701	2,789,417	2,625,420
NOTE - 7			
OTHER NON - CURRENT ASSETS			
Capital Advances	891,627	871,627	2,296,627
Others	67,521	67,521	67,521
	959,148	939,148	2,364,148
Less: Provision for Doubtful Advances	52,521	52,521	52,521
	906,627	886,627	2,311,627
NOTE - 8			
INVENTORIES			
(Valued at Lower of Cost and Net Realisable Value)			
Raw Materials	12,173,650	36,849,736	16,372,339
Materials - in - Process	44,627,893	45,456,363	77,615,595
Finished Goods	2,393,251	10,487,806	2,272,979
Stores and Spare Parts	2,704,132	4,923,301	4,884,579
	61,898,926	97,717,206	101,145,492
NOTE - 9			
TRADE RECEIVABLES			
(Unsecured)			
Considered Good	12,744,035	15,761,696	12,429,433
Considered Doubtful	1,567	58,979	168,500
	12,745,602	15,820,675	12,597,933
Less : Allowances for Doubtful Receivables	1,567	58,979	168,500
	12,744,035	15,761,696	12,429,433

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April 2016 ₹
NOTE - 10			
CASH AND CASH EQUIVALENTS			
Balances with Banks			
- In Current Accounts	25,559,757	7,474,671	49,954,353
Fixed Deposits of Maturity of Less than 3 Months	500,000	—	—
Cash in Hand	41,857	26,636	18,247
	<u>26,101,614</u>	<u>7,501,307</u>	<u>49,972,600</u>

NOTE - 11
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS
Other Bank Balances

Fixed Deposits with Bank of Maturity more than 3 months but less than 12 months	67,200,000	48,753,400	14,415,244
Balances with Banks			
- Unpaid Dividend Account	222,364	198,649	171,772
- Unpaid Fractional Amount of Shares	234,811	234,811	234,811
	<u>67,657,175</u>	<u>49,186,860</u>	<u>14,821,827</u>

NOTE - 12
LOANS

Loans to Bodies Corporates	100,000,000	95,000,000	35,000,000
	<u>100,000,000</u>	<u>95,000,000</u>	<u>35,000,000</u>

NOTE - 13
OTHER FINANCIAL ASSETS

Advance to Employees	20,000	—	—
Interest accrued on Loans and Deposits	2,744,985	2,687,179	89,958
	<u>2,764,985</u>	<u>2,687,179</u>	<u>89,958</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 14	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
	₹	₹	₹
CURRENT TAX ASSETS (NET)			
Advance Income Tax (Net of Provisions)	4,368,392	8,829,037	11,892,518
	4,368,392	8,829,037	11,892,518

NOTE - 15			
OTHER CURRENT ASSETS			
Advances to Suppliers & Others	49,290	350,448	314,254
Balance with Statutory / Government Authorities	4,604,254	7,297,699	10,260,002
Export Incentive Receivable	40,371	94,114	444,551
Others	1,041,128	992,849	1,062,473
	5,735,043	8,735,110	12,081,280

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Number of Shares	₹	Number of Shares
		₹	₹

NOTE - 16
SHARE CAPITAL :
AUTHORISED :

Preference Shares of ₹ 100/- each.	300,000	30,000,000	300,000	30,000,000	300,000	30,000,000
Ordinary Shares of ₹ 10/- each.	17,000,000	170,000,000	17,000,000	170,000,000	17,000,000	170,000,000
		200,000,000		200,000,000		200,000,000

ISSUED, SUBSCRIBED AND PAID UP:

Ordinary Shares of ₹ 10/- each fully paid-up. 3,883,175	38,831,750	3,883,175	38,831,750	3,883,175	38,831,750
	38,831,750		38,831,750		38,831,750

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

16.1 The Company has issued Ordinary shares having a par value of ₹10/- per share. Each holder of Ordinary shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the holders of Ordinary shares will be entitled to receive remaining assets of the Company, after payment of Secured, Unsecured Liabilities and Other Creditors. The distribution will be in proportion to the number of Ordinary shares held by the shareholders.

16.2 The details of shareholders holding more than 5% shares.

Name	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	% held	No. of Shares	% held	No. of Shares	% held	No. of Shares
Commercial House Private Limited	19.45%	755414	19.45%	755414	19.45%	755414
Kothari & Company Private Limited	15.32%	594960	15.32%	594960	15.32%	594960
M. D. Kothari & Company Limited	14.85%	576525	14.85%	576525	14.85%	576525
Kothari Investment & Industries Private Limited	19.33%	750720	14.18%	550720	14.18%	550720
Vishnuhari Investments & Properties Limited	12.66%	491568	6.22%	241568	6.22%	241568
Bhaktwatsal Investments Limited	5.52%	214459	—	—	—	—

16.3 The reconciliation of the number of shares outstanding is set out below.

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
Ordinary Shares at the beginning of the year	3,883,175	3,883,175	3,883,175
Ordinary Shares at the end of the year	<u>3,883,175</u>	<u>3,883,175</u>	<u>3,883,175</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 17

OTHER EQUITY RESERVES AND SURPLUS

	Capital Reserve ₹	Securities Premium Accountant ₹	General Reserve ₹	Retained Earning ₹	Retained Earnings In Associate ₹	Total ₹
Balance as at 1st April 2017	9,193,040	1,450,657	358,735,809	46,126,696	679,263,815	1,094,770,017
Add: Profit / (Loss) for the year	—	—	—	77,518,022	(27,417,288)	50,100,734
Add: Other Comprehensive Income for the year	—	—	—	212,169	8,998,251	9,210,420
Add : Transferred from Statement of Profit and Loss	—	—	50,000,000	—	—	50,000,000
	9,193,040	1,450,657	408,735,809	123,856,887	660,844,778	1,204,081,171
Less: Appropriations						
Transfer to General Reserve	—	—	—	50,000,000	—	50,000,000
Dividend Paid	—	—	—	11,649,525	—	11,649,525
Tax on Dividends	—	—	—	2,371,570	—	2,371,570
Total Appropriations	—	—	—	64,021,095	—	64,021,095
Balance as at 31st March 2018	9,193,040	1,450,657	408,735,809	59,835,792	660,844,778	1,140,060,076
Balance as at 1st April 2016	9,193,040	1,450,657	338,735,809	39,348,486	712,689,647	1,101,417,639
Add: Profit / (Loss) for the year	—	—	—	38,468,240	(35,108,235)	3,360,005
Add: Other Comprehensive Income for the year	—	—	—	(5,784)	1,682,403	1,676,619
Add : Transferred from Statement of Profit and Loss	—	—	20,000,000	—	—	20,000,000
	9,193,040	1,450,657	358,735,809	77,810,942	679,263,815	1,126,454,263
Less: Appropriations						
Transfer to General Reserve	—	—	—	20,000,000	—	20,000,000
Dividend Paid	—	—	—	9,707,938	—	9,707,938
Tax on Dividends	—	—	—	1,976,308	—	1,976,308
Total Appropriations	—	—	—	31,684,246	—	31,684,246
Balance as at 31st March 2017	9,193,040	1,450,657	358,735,809	46,126,696	679,263,815	1,094,770,017

17.1 The Board of Directors recommended a dividend of ₹ 3/- per share for the year ended 31st March, 2018 on fully paid ordinary shares. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated ordinary dividend to be paid is ₹ 11,649,525/-. Tax on such dividend has also not been included as a liability in these financial statements.



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KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED
CIN : L15491WB1897PLC001365

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 18

	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Current	Non - Current	Total	Current	Non - Current	Total	Current	Non - Current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
PROVISIONS									
Employee Benefit Obligation									
Leave Obligations	–	1,883,004	1,883,004	–	1,929,912	1,929,912	–	1,720,336	1,720,336
Gratuity	–	1,541,013	1,541,013	–	501,948	501,948	–	170,028	170,028
	<u>–</u>	<u>3,424,017</u>	<u>3,424,017</u>	<u>–</u>	<u>2,431,860</u>	<u>2,431,860</u>	<u>–</u>	<u>1,890,364</u>	<u>1,890,364</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 19

	As at 31st March, 2018				As at 31st March, 2017				As at 1st April, 2016
	Opening Balance	Recognised in Profit or Loss	Recognised in Other Compre- nsive Income	Closing Balance	Opening Balance	Recognised in Profit or Loss	Recognised in Other Compre- nsive Income	Closing Balance	Balance
	₹	₹	₹	₹	₹	₹	₹	₹	₹
DEFERRED TAX LIABILITIES (NET)									
Deferred Tax Liabilities arising out of :									
Timing Difference on Depreciable Assets	4,660,671	829,247	—	5,489,918	4,524,688	135,983	—	4,660,671	4,524,688
Fair Valuation of Investments	372,651	2,806,279	—	3,178,930	358,839	13,812	—	372,651	358,839
Total Deferred Tax Liabilities	5,033,322	3,635,526	—	8,668,848	4,883,527	149,795	—	5,033,322	4,883,527
Deferred Tax Assets arising out of :									
Provision for Doubtful Receivables	19,500	(18,977)	—	523	55,711	(36,211)	—	19,500	55,711
Provision for Diminution in Value of Investments	1,487,835	14,445	—	1,502,280	1,487,835	—	—	1,487,835	1,487,835
Accrued Expenses Deductable on Payment basis	966,980	460,383	(106,326)	1,321,037	845,773	118,350	2,857	966,980	845,773
Total Deferred Tax Assets	2,474,315	455,851	(106,326)	2,823,840	2,389,319	82,139	2,857	2,474,315	2,389,319
	<u>2,559,007</u>	<u>3,179,675</u>	<u>106,326</u>	<u>5,845,008</u>	<u>2,494,208</u>	<u>67,656</u>	<u>(2,857)</u>	<u>2,559,007</u>	<u>2,494,208</u>



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CIN : L15491WB1897PLC001365

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 20

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
BORROWINGS			
Loans repayable on demand			
Secured			
PHYTOCHEMICALS DIVISION			
- From Vijaya Bank			
Cash Credit	—	—	657,780
Packing Credit	—	10,000,000	23,995,906
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres Land situated at Nagari and the entire Fixed Assets of the Division. Stock against Packing Credit Limit facility shall be backed by firm Export Orders.			
Unsecured			
Other Loans (Repayable on demand)	—	20,000,000	—
State Government of Tamil Nadu / Sales Tax Deferral Scheme	—	—	20,477
	<u>—</u>	<u>30,000,000</u>	<u>24,674,163</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 1st April 2016 ₹
NOTE - 21			
TRADE PAYABLES			
Dues of Micro & Small Enterprises	—	—	—
Others	18,136,238	12,081,760	15,797,195
	<u>18,136,238</u>	<u>12,081,760</u>	<u>15,797,195</u>

(As per information available with the Company no amount is due to Micro, Small and Medium Enterprises)

NOTE - 22
OTHER FINANCIAL LIABILITIES

Unpaid Fractional amount of shares	234,811	234,811	234,811
Commission Payable	537,303	610,503	537,303
Employees Dues Payable	1,861,442	1,119,839	1,426,493
Unpaid Dividends	222,364	198,649	171,772
Interest accrued but not due on borrowings	—	674,630	—
Others	1,781,889	3,570,356	2,329,438
	<u>4,637,809</u>	<u>6,408,788</u>	<u>4,699,817</u>

NOTE - 23
OTHER CURRENT LIABILITIES

Advances from Customers	—	17,371,760	—
Statutory Dues Payables	487,174	934,973	637,863
	<u>487,174</u>	<u>18,306,733</u>	<u>637,863</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 24

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
REVENUE FROM OPERATIONS				
SALE OF PRODUCTS				
Calcium Sennoside	5,547,709		4,477,609	
Brucine & its Salts	6,883,277		840,497	
Strychnine & its Salts	132,591,880*		90,474,979	
Tolbutamide	10,375,206		21,451,823	
Chlorpropamide	9,056,450		2,403,343	
Metformin HCL	—		2,903,753	
Formaldehyde	2,702,531		46,171	
Paraformaldehyde	9,726,132		12,467,578	
Phenolic Resin	60,767,813		75,112,489	
PTS Urea	2,000		—	
		237,652,998		210,178,242
OTHER OPERATING REVENUE				
Export Incentives	2,329,433		1,845,450	
Miscellaneous Receipts	25,850		30,130	
		2,355,283		1,875,580
		240,008,281		212,053,822

* Including Sale of Traded Goods ₹15,663,885/-

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	2017 – 2018		2016 – 2017	
	₹	₹	₹	₹
NOTE - 25				
OTHER INCOME				
Income from Financial Asset				
- Interest on Advances, Deposits and Others - Gross	13,612,766		9,831,245	
- Dividend Income from Non - Current Investment	492,615		155,675	
- Net Gain / (Loss) on Sale of Non - Current Investments	8,653,985		1,632,578	
- Net Fair Value Gain / (Loss) on Non - Current Investments measured at FVTPL	<u>434,804</u>		<u>8,281,730</u>	
		23,194,170		19,901,228
Exchange Rate Fluctuation (Net)		74,704		37,271
Liabilities / Provision no longer required, written back		252,119		1,245,176
Provision for Doubtful Receivables Written Back		—		129,982
Net Gain on Disposal of Property, Plant and Equipment		—		146,500
Expected Credit Loss on Trade Receivables Written Back		57,412		—
Miscellaneous Income		268,897		708
		<u>23,847,302</u>		<u>21,460,865</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 26

	2017 – 2018 ₹	2016 – 2017 ₹
COST OF MATERIALS CONSUMED		
Raw Materials at the beginning of the year	36,819,896	16,062,354
Add : Purchases	72,751,665	97,923,672
Less : Raw Materials at the end of the year	12,173,650	36,819,896
	<u>97,397,911</u>	<u>77,166,130</u>

NOTE - 27

	2017 – 2018 ₹	2016 – 2017 ₹
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE		
Finished Goods		
Opening Inventories	10,487,305	2,272,078
Closing Inventories	<u>2,393,251</u>	<u>10,487,305</u>
Net (Increase) / Decrease	8,094,054	(8,215,227)
Materials - in - Process		
Opening Inventories	45,456,363	77,615,595
Closing Inventories	<u>44,627,893</u>	<u>45,456,363</u>
Net (Increase) / Decrease	828,470	32,159,232
	<u>8,922,524</u>	<u>23,944,005</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 28

	2017 – 2018	2016 – 2017
	₹	₹
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	27,193,797	24,998,355
Contribution to Provident and Other Funds	3,376,252	2,054,193
Workmen and Staff Welfare Expenses	1,027,031	1,322,698
	<u>31,597,080</u>	<u>28,375,246</u>

NOTE - 29
FINANCE COSTS

Interest Expenses	681,874	1,199,298
	<u>681,874</u>	<u>1,199,298</u>

NOTE - 30
DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Property, Plant and Equipment	9,167,202	8,585,328
Amortisation	30,113	12,752
	<u>9,197,315</u>	<u>8,598,080</u>

NOTE - 31
POWER & FUEL

Power and Fuel	11,363,618	8,743,746
	<u>11,363,618</u>	<u>8,743,746</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 32

	2017 – 2018	2016 – 2017	
	₹	₹	₹
OTHER EXPENSES			
Manufacturing Expenses			
Consumption of stores and spare parts	1,839,281	2,514,709	
Repairs to Buildings	969,427	968,260	
Repairs to Machinery	2,182,900	2,737,792	
Repairs to Other Assets	249,739	465,710	
	5,241,347		6,686,471
Selling and Distribution Expenses			
Freight, Shipping, Delivering and Selling Expenses	5,874,596	4,889,108	
Sales Promotion Expenses	57,916	73,065	
	5,932,512		4,962,173
Establishment Expenses			
Rent	571,880	591,035	
Rates and Taxes	491,984	677,511	
Excise Duty	1,922,709	8,412,377	
Bank Charges	110,175	335,804	
Travelling and Conveyance Expenses	2,678,178	2,873,247	
Postage and Telephone	657,432	621,166	
Printing and Stationery	411,775	357,023	
Subscription	114,436	119,644	
Insurance	896,073	869,187	
Motor Vehicle Expense	399,521	521,445	
Directors' Sitting Fees	88,000	88,000	
Directors' Commission	300,000	300,000	
Managing Directors Remuneration	2,387,184	2,236,200	
Legal and Professional Fee	2,187,393	1,005,751	
Internal Audit Fees	70,800	69,000	
Obsolete and Discarded Assets Written Off	–	16,169	
Bad and Sundry Receivables Written off	246,694	–	
Input GST (RCM)	66,960	–	
Expected Credit Loss on Trade Receivables	–	20,462	
Donation	3,000,000	–	
Miscellaneous Expenses	1,326,914	1,407,419	
	17,928,108		20,521,440
Payment to Auditors			
Auditor	180,000	180,000	
For Other Services	121,386	110,400	
For Reimbursement of Expenses	44,189	54,546	
For GST / Service Tax	16,200	43,064	
	361,775		388,010
	29,463,742		32,558,094

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 33

	2017 – 2018 ₹	2016 – 2017 ₹
TAX EXPENSE		
Current Tax		
Current Tax on Profits for the year	14,700,000	14,370,000
Current Tax of earlier years provided for	–	285,182
Total Current Tax Expense	14,700,000	14,655,182
Deferred Tax		
Decrease / (Increase) in Deferred Tax Assets	455,851	82,139
(Decrease) / Increase in Deferred Tax Liabilities	3,635,526	149,795
Total Deferred Tax Expense	3,179,675	67,656
	17,879,675	14,722,838
Reconciliation of Estimated Income Tax expense at Indian Statutory Income Tax rate to income tax expense reported in Statement of Total Comprehensive Income.		
Profit before Income Tax Expenses		
From Continuing Operation	36,390,231	17,821,853
From Discontinued Operation	40,190,178*	390,990
* (Refer Note No. 41 (b))		
Total Profit before Income Tax Expenses	76,580,409	18,212,843
Indian Income Tax Rate	33.06%	33.06%
Estimated Income Tax Expenses on above profit	25,317,483	6,021,166
Tax effect of adjustments to reconcile estimated income tax expenses to reported Income Tax Expenses		
a) Impact of decrease in tax rate due to applicability of MAT	(8,975,224)	–
b) Income exempted from tax	(162,859)	(51,466)
c) Expenses that are not deductible in determining taxable income	236,433	203,290
d) Tax on profit / loss of associates	9,064,155	11,606,782
e) Others	999,686	(2,926,934)
	26,479,675	14,852,838
Total Tax Expenses		
From Continuing Operation	17,879,675	14,722,838
From Discontinued Operation	8,600,000 *	30,000
* (Refer Note No. 41 (b))		
	26,479,675	14,852,838

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 34
2017 – 2018 2016 – 2017
EARNING PER ORDINARY SHARE OF ₹ 10/- EACH
For Continuing Operations

Profit for the year (₹)	18,510,556	3,099,015
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	3,883,175	3,883,175
Basic and diluted earnings per Ordinary share (₹)	4.77	0.80

For Discontinued Operations

Profit for the year (₹)	31,590,178	260,990
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	3,883,175	3,883,175
Basic and diluted earnings per Ordinary share (₹)	8.14	0.07

For Continuing Operations and Discontinued Operations

Profit for the year (₹)	50,100,734	3,360,005
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	3,883,175	3,883,175
Basic and diluted earnings per Ordinary share (₹)	12.91	0.87

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 35

	2017 – 2018	2016 – 2017	2015 – 2016
	₹	₹	₹
35.01 Contingent Liabilities / Disputed Liabilities: (To the extent not provided for)			
Claims against the Company not acknowledged as debts:-			
i) Sales Tax under dispute	322,570	322,570	322,570
ii) Demand in respect of earlier years made by Provident Fund Commissioner under appeal	98,317	98,317	98,317
iii) Outstanding Bank Guarantees and Letter of credit	–	–	1,000,000
iv) Corporate Guarantee given by the Company for Loans taken by other Bodies Corporate	250,000,000	–	–
v) Share of Contingent Liabilities of Associate	73,471,453	68,171,602	50,505,598
35.02 Commitments:			
i) Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of Advance ₹ 891,627/- (2017 ₹ 871,627/-) (2016 ₹ 2,296,627/-)]	2,036,627	4,338,827	3,956,627
ii) Share of Commitments in Associate	3,514,072	4,324,853	5,327,437
35.03 Total Salaries, Wages and Bonus for the year.	27,193,797	24,998,355	24,756,021

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 36
Employee Benefits:

As per Indian Accounting Standard- 19 "Employee Benefits", the disclosures of Employee Benefits are as follows:

Defined Contribution Plan:

Employee Benefits in the form of Provident Fund and Employees' State Insurance Scheme (ESI) are considered as defined contribution plan.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution.

The contributions to the defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under:

Defined Contribution Plan

	Year ended 31 March 2018 ₹	Year ended 31 March 2017 ₹
Employer's Contribution to Provident Fund	1,680,049	1,491,983
Employer's Contribution to Employees' State Insurance Scheme	320,384	219,095

Post employment defined benefit plan - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed continuously atleast five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The approved gratuity fund is in the form of a trust and is governed by the Board of Trustees who are responsible for administration of investment of the plan assets. The trust has taken an insurance policy with the Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The present value of defined benefits obligations, fair value of defined plan assets, actuarial gain/ (loss) on plan assets, expense recognised in the Statement of Profit and Loss and Other Comprehensive Income, actuarial assumptions and other information are given in the succeeding tables.

Net defined benefit liabilities

	As at 31 March 2018 ₹	As at 31 March 2017 ₹	As at 1 April 2016 ₹
Present value of defined benefit obligations	5,618,507	4,565,750	4,521,201
Fair value of plan assets	4,077,494	4,063,802	4,351,173
Net defined benefit liabilities	(1,541,013)	(501,948)	(170,028)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 36 (Contd.)
Reconciliation of the net defined benefit liabilities:
Description

	Gratuity (Funded)	
	As at 31st March 2018 ₹	As at 31st March 2017 ₹
(i) Reconciliation of present value of defined benefit obligations		
(a) Balance at the Beginning of the year	4,565,750	4,521,201
(b) Current service cost	329,628	332,048
(c) Interest Cost	340,845	295,813
(d) Past Service Cost- plan amendments	1,000,000	—
(e) Benefits paid	(278,394)	(590,607)
(f) Actuarial (gain)/ loss on defined benefit obligations:		
— due to change in financial assumptions	(173,618)	226,178
— due to experience changes	(165,704)	(218,883)
Balance at the end of the year	5,618,507	4,565,750
(ii) Reconciliation of fair value of plan assets		
(a) Balance at the Beginning of the year	4,063,802	4,351,173
(b) Actual return on plan assets	(20,827)	(1,346)
(c) Interest income	312,913	304,582
(d) Benefits paid	(278,394)	(590,607)
Balance at the end of the year	4,077,494	4,063,802
(iii) Actuarial gain/ (loss) on plan assets		
(a) Expected Interest Income	312,913	304,582
(b) Actual return on plan assets	292,086	303,236
Actuarial gain/ (loss) on plan assets	(20,827)	(1,346)
(iv) Expense recognised in Statement of Profit and Loss		
(a) Current service cost	329,628	332,048
(b) Interest cost	27,932	(8,769)
(c) Past Service Cost- plan amendments	1,000,000	—
Amount charged to Profit and Loss	1,357,560	323,279
(v) Remeasurement recognised in Other Comprehensive Income		
(a) Actuarial gain/ (loss) on defined benefit obligations	339,322	(7,295)
(b) Actuarial gain/ (loss) on plan assets	(20,827)	(1,346)
Actuarial gain/ (loss) on plan assets	318,495	(8,641)
(vi) Category of Plan assets		
Insurer Managed Fund	100.00%	100.00%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 36 (Contd.)

The Employee's Gratuity Fund Scheme, a Defined Benefit Plan, is administered by Life Insurance Corporation of India (LIC).

Life Insurance Corporation of India (LIC) makes payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit as prescribed.

(vii) Actuarial assumptions

Principal actuarial assumptions at the reporting date
(expressed as weighted averages)

	As at 31 March 2018	As at 31st March 2017
(a) Discount rate %	7.70%	7.00%
(b) Expected Return on Plan Assets %	7.70%	7.00%
(c) Expected Rate of Salary increase %	6.00%	6.00%
(d) Mortality Rates	IALM 2006 - 2008 Ultimate	IALM 2006 - 2008 Ultimate
(e) Withdrawal rates	6.00%	6.00%

(viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	As at 31 March 2018				As at 31 March 2017			
	Increase		Decrease		Increase		Decrease	
(a) Discount rate (0.50% movement)	-2.05%	5503440	2.18%	5740934	-2.60%	4449071	2.70%	4690187
(b) Salary growth (0.50% movement)	2.19%	5741608	-2.08%	5501811	2.70%	4690043	-2.60%	4448176
(c) Attrition Rate (0.50% movement)	0.01%	5619181	-0.01%	5617833	-0.02%	4558365	0.02%	4573205
(d) Mortality Rate (10% movement)	0.02%	5619406	-0.02%	5617608	-	4566151	-	4565349

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown

Risk Exposure

The company is exposed to a number of risks in respect of the defined benefit plan. In particular, the Company is exposed to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets and change in the discount rate.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**NOTE – 37**

Information in accordance with the requirements of Related Party Disclosures – Refer Note 37 of Standalone Financial Statements.

NOTE – 38

Information on Segment Reporting – Refer Note 38 of Standalone Financial Statements.

NOTE – 39

Derivative Instruments and Unhedged Foreign Currency Exposure:

- (i) The Company has not entered into any forward contract during the year.
- (ii) There is no unhedged foreign currency exposure as at 31st March 2018.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 40
FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT
A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	Carrying Amount				Fair Value
	FVTPL	FVOCI	Amortised cost	Total carrying amount	
	₹	₹	₹	₹	₹
As at 31 March 2018					
Financial assets					
Investments	123,448,133	—	—	123,448,133	123,448,133
Trade receivables	12,744,035	—	—	12,744,035	12,744,035
Cash and cash equivalents	—	—	26,101,614	26,101,614	26,101,614
Bank balances other than cash and cash equivalents above	—	—	67,657,175	67,657,175	67,657,175
Loans	—	—	100,000,000	100,000,000	100,000,000
Other financial assets	—	—	4,816,686	4,816,686	4,816,686
	<u>136,192,168</u>	<u>—</u>	<u>198,575,475</u>	<u>334,767,643</u>	<u>334,767,643</u>
Financial liabilities					
Borrowing	—	—	—	—	—
Trade Payables	—	—	18,136,238	18,136,238	18,136,238
Other financial liabilities	—	—	4,637,809	4,637,809	4,637,809
	<u>—</u>	<u>—</u>	<u>22,774,047</u>	<u>22,774,047</u>	<u>22,774,047</u>
As at 31 March 2017					
Financial assets					
Investments	89,520,329	—	—	89,520,329	89,520,329
Trade receivables	15,761,696	—	—	15,761,696	15,761,696
Cash and cash equivalents	—	—	7,501,307	7,501,307	7,501,307
Bank balances other than cash and cash equivalents above	—	—	49,186,860	49,186,860	49,186,860
Loans	—	—	95,000,000	95,000,000	95,000,000
Other financial assets	—	—	5,476,596	5,476,596	5,476,596
	<u>105,282,025</u>	<u>—</u>	<u>157,164,763</u>	<u>262,446,788</u>	<u>262,446,788</u>
Financial liabilities					
Borrowing	—	—	30,000,000	30,000,000	30,000,000
Trade Payables	—	—	12,081,760	12,081,760	12,081,760
Other financial liabilities	—	—	6,408,788	6,408,788	6,408,788
	<u>—</u>	<u>—</u>	<u>48,490,548</u>	<u>48,490,548</u>	<u>48,490,548</u>
As at 1 April 2016					
Financial assets					
Investments	82,939,190	—	—	82,939,190	82,939,190
Trade receivables	12,429,433	—	—	12,429,433	12,429,433
Cash and cash equivalents	—	—	49,972,600	49,972,600	49,972,600
Bank balances other than cash and cash equivalents above	—	—	14,821,827	14,821,827	14,821,827
Loans	—	—	35,000,000	35,000,000	35,000,000
Other financial assets	—	—	2,715,378	2,715,378	2,715,378
	<u>95,368,623</u>	<u>—</u>	<u>102,509,805</u>	<u>197,878,428</u>	<u>197,878,428</u>
Financial liabilities					
Borrowing	—	—	24,674,163	24,674,163	24,674,163
Trade Payables	—	—	15,797,195	15,797,195	15,797,195
Other financial liabilities	—	—	4,699,817	4,699,817	4,699,817
	<u>—</u>	<u>—</u>	<u>45,171,175</u>	<u>45,171,175</u>	<u>45,171,175</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 40 (Contd.)
B. Measurement of Fair Values
Valuation Techniques and Significant Unobservable Inputs

The fair value of cash and cash equivalents, bank balances, trade receivables, loans, investments in Government Securities, borrowings, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short – term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of such loans approximates fair value.

C. Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk Management Framework

The Company's principal financial liabilities include borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that derive directly from its operations.

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 40 (Contd.)

credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis.

As per simplified approach, the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

The movements of Trade Receivables and Expected Credit Loss are as follows:

Particulars	As at 31st March 2018 ₹	As at 31st March 2017 ₹	As at 1st April 2016 ₹
Trade Receivable (Gross)	12,745,602	15,820,675	12,597,933
Less : Expected Credit Loss	1,567	58,979	168,500
Trade Receivables (Net)	12,744,035	15,761,696	12,429,433

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due.

(iii) Market Risk

Market risk is the risk that changes in market prices – foreign exchange rates and interest rates etc. that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 41
Discontinued Operations
(a) Description

The operations of Southern Synthetics Division has been discontinued w. e. f. 7th September 2017. The assets of the division has been disposed off and the liabilities have been duly paid. The Statement of Profit and Loss for the year ended 31st March 2016 & 31st March 2017 have been restated by the management to give effect to the discontinuation.

(b) Financial information relating to the discontinued operation for the period to the appointed date is set out below:

Particulars	For the period ended 07.09.2017 ₹
Revenue from operations	1,405,223
Other income*	45,633,665
Total income	47,038,888
Expenses	
Cost of materials consumed	632,455
Changes in Inventories of Finished Goods, work – in – progress and stock – in – trade	501
Employee benefit expense	607,037
Depreciation and amortization expense	136,958
Power & Fuel	422,796
Other expenses	5,048,963
Total expenses	6,848,710
Profit before tax	40,190,178
Income Tax expense	8,600,000
Profit for the period from discontinued operations	31,590,178

* Including Net Gain on sale / disposal of the assets of the division ₹ 45,232,551/-

(c) The net cash flows attributable to the discontinued operations are as follows:

Particulars	For the period ended 07.09.2017 ₹
Net cash flow from Operating Activities	328,666
Net cash flow from Investing Activities	47,318,205
Net cash flow (used in) / from Financing Activities *	(47,646,871)
Net Cash Flow	–

* Represents Fund transferred to Head Office.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**NOTE - 42****Capital Management**

The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders and debt includes borrowings.

NOTE – 43**Explanation of Transition to Ind AS**

As stated in Note 1 (a), the Group has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e., 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the Comparative information for the year ended 31 March 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with the previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

A. Optional Exemptions Availed and Mandatory Exceptions

In preparing the financial statements, the Group has applied the below mentioned:

- (a) The Group has elected to continue with the carrying value of all property, plant and equipment under GAAP as deemed cost as the transition date i.e., 1st April 2016. Under the previous GAAP, property, plant and equipment were stated at their original cost (net of accumulated depreciation, amortization and impairment), if any, adjusted by revaluation of certain assets.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**NOTE - 43 (Contd.)**

- (b) The Group has elected to continue with the carrying value of Capital work in progress as recognized under the previous GAAP as deemed cost as at the transition date.
- (c) 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, assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.
- (d) As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

- (e) Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)
B. Reconciliation of equity

Particulars	Note	As at 31st March 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
		₹	₹	₹
ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	3	58,900,672	—	58,900,672
(b) Capital work-in-progress		36,862,045	—	36,862,045
(c) Intangible Assets	4	—	—	—
(d) Investments in Associate (accounted for using Equity Method)	5	501,474,457	229,537,973	731,012,430
(e) Financial Assets				
(i) Investments	5	61,981,664	27,538,665	89,520,329
(ii) Other financial assets	6	2,789,417	—	2,789,417
(f) Other Non-Current Assets	7	886,627	—	886,627
Total Non-Current Assets		662,894,882	257,076,638	919,971,520
2 Current Assets				
(a) Inventories	8	97,717,206	—	97,717,206
(b) Financial Assets				
(i) Trade Receivables	9	15,820,675	(58,979)	15,761,696
(ii) Cash and Cash Equivalents	10	7,501,307	—	7,501,307
(iii) Bank Balances other than (ii) above	11	49,186,860	—	49,186,860
(iv) Loans	12	95,000,000	—	95,000,000
(v) Other Financial Assets	13	2,687,179	—	2,687,179
Current Tax Assets (net)	14	8,829,037	—	8,829,037
Other Current Assets	15	8,735,110	—	8,735,110
Total Current Assets		285,477,374	(58,979)	285,418,395
TOTAL ASSETS		948,372,256	257,017,659	1,205,389,915
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	16	38,831,750	—	38,831,750
(b) Other Equity	17	824,275,099	270,494,918	1,094,770,017
TOTAL EQUITY		863,106,849	270,494,918	1,133,601,767
LIABILITIES				
1 Non-Current Liabilities				
(a) Provisions	18	2,146,988	284,872	2,431,860
(b) Deferred tax Liabilities (net)	19	2,300,043	258,964	2,559,007
Total Non-Current Liabilities		4,447,031	543,836	4,990,867
2 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowing	20	30,000,000	—	30,000,000
(ii) Trade Payables	21	12,081,760	—	12,081,760
(iii) Other Financial Liabilities	22	6,408,788	—	6,408,788
(b) Provisions		14,021,095	(14,021,095)	—
(c) Other Current Liabilities	23	18,306,733	—	18,306,733
Total Current Liabilities		80,818,376	(14,021,095)	66,797,281
TOTAL LIABILITIES		85,265,407	(13,477,259)	71,788,148
TOTAL EQUITY AND LIABILITIES		948,372,256	257,017,659	1,205,389,915

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)

Particulars	Note	As at 1st April 2016		
		Previous GAAP*	Adjustment on transition to Ind As	Ind AS
		₹	₹	₹
ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	3	62,874,129	—	62,874,129
(b) Capital work-in-progress		37,821,263	—	37,821,263
(c) Intangible Assets	4	—	—	—
(d) Investments in associates	5	483,623,682	280,814,580	764,438,262
(e) Financial Assets				
(i) Investments	5	63,682,254	19,256,936	82,939,190
(ii) Other financial assets	6	2,625,420	—	2,625,420
(f) Other Non-Current Assets	7	2,311,627	—	2,311,627
Total Non-Current Assets		652,938,375	300,071,516	953,009,891
2 Current Assets				
(a) Inventories	8	101,145,492	—	101,145,492
(b) Financial Assets				
(i) Trade Receivables	9	12,467,951	(38,518)	12,429,433
(ii) Cash and Cash Equivalents	10	49,972,600	—	49,972,600
(iii) Bank Balances other than (ii) above	11	14,821,827	—	14,821,827
(iv) Loans	12	35,000,000	—	35,000,000
(iv) Other Financial Assets	13	89,958	—	89,958
Current Tax Assets (net)	14	11,892,518	—	11,892,518
Other Current Assets	15	12,081,280	—	12,081,280
Total Current Assets		237,471,626	(38,518)	237,433,108
TOTAL ASSETS		890,410,001	300,032,998	1,190,442,999
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	16	38,831,750	—	38,831,750
(b) Other Equity	17	790,046,499	311,371,140	1,101,417,639
TOTAL EQUITY		828,878,249	311,371,140	1,140,249,389
LIABILITIES				
1 Non-Current Liabilities				
(a) Provisions	18	1,890,364	—	1,890,364
(b) Deferred tax Liabilities (net)	19	2,148,104	346,104	2,494,208
Total Non-Current Liabilities		4,038,468	346,104	4,384,572
2 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowing	20	24,674,163	—	24,674,163
(ii) Trade Payables	21	15,797,195	—	15,797,195
(iii) Other Financial Liabilities	22	4,699,817	—	4,699,817
(b) Provisions		11,684,246	(11,684,246)	—
(c) Other Current Liabilities	23	637,863	—	637,863
Total Current Liabilities		57,493,284	(11,684,246)	45,809,038
TOTAL LIABILITIES		61,531,752	(11,338,142)	50,193,610
TOTAL EQUITY AND LIABILITIES		890,410,001	300,032,998	1,190,442,999

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 43 (Contd.)
C. Reconciliation of total Comprehensive Income for the year ended 31 March 2017

Particulars	Note	As at 31 March 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
		₹	₹	₹
I. Revenue from operations	24	212,053,822	—	212,053,822
II. Other income	25	13,179,135	8,281,730	21,460,865
III. Total Income		225,232,957	8,281,730	233,514,687
IV. Expenses				
Cost of materials consumed	26	77,166,130	—	77,166,130
Purchase of Stock in Trade		—	—	—
Changes in Inventories of Finished Goods, work-in-progress and stock-in-trade	27	23,944,005	—	23,944,005
Employee benefit expense	28	28,099,015	276,231	28,375,246
Finance costs	29	1,199,298	—	1,199,298
Depreciation and amortisation expense	30	8,598,080	—	8,598,080
Power & Fuel	31	8,743,746	—	8,743,746
Other expenses	32	32,537,632	20,462	32,558,094
Total expenses		180,287,906	296,693	180,584,599
V. Profit before Exceptional items, Share of profits of Associate and Tax		44,945,051	7,985,037	52,930,088
Share of Profit/(Loss) of Associates		17,850,780	(52,959,015)	(35,108,235)
Profit before Exceptional Items and Tax		62,795,831	(44,973,978)	17,821,853
Exceptional Items		—	—	—
VI. Profit before tax		62,795,831	(44,973,978)	17,821,853
VII. Tax expense	33			
- Current tax		14,370,000	—	14,370,000
- Tax for earlier years		285,182	—	285,182
- Deferred tax		151,939	(84,283)	67,656
Total tax expense		14,807,121	(84,283)	14,722,838
VIII. Profit from continuing operations		47,988,710	(44,889,695)	3,099,015
IX. Profit after tax from discontinuing operations		260,990	—	260,990
X. Profit for the year		48,249,700	(44,889,695)	3,360,005
XI. Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations		—	(8,641)	(8,641)
Tax expense on the above		—	2,857	2,857
Share of Other comprehensive Income of Associate		—	1,682,403	1,682,403
Other comprehensive income for the year		—	1,676,619	1,676,619
XII. Total comprehensive income for the year		48,249,700	(43,213,076)	5,036,624

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 44
Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March, 2017

Particulars	Previous GAAP ₹	Adjustment ₹	Ind AS ₹
Net cash flow from Operating Activities	51,836,063	—	51,836,063
Net cash flow from Investing Activities	(53,086,123)	—	(53,086,123)
Net cash flow from Financing Activities	(6,856,200)	—	(6,856,200)
Net increase / (decrease) in cash and cash equivalents	(8,106,260)	—	(8,106,260)
Cash and cash equivalents as at 1 April 2016	64,794,427	—	64,794,427
Cash and cash equivalents as at 31 March 2017	56,688,167	—	56,688,167

NOTE - 45
Disclosure of Interest in Associate
Interest in Associates
Gillanders Arbuthnot and Company Limited

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Interest as at 1st April	731,012,430	764,438,262
Add : Share of Profit for the period	(27,417,288)	(35,108,235)
Add : Share of OCI for the period	8,998,251	1,682,403
Balance as at 31st March	712,593,393	731,012,430

NOTE - 46
Note for Disclosure mandated by Schedule III of Companies Act 2013, by way of Additional

Information:		Share of Net Assets, i. e. total Assets minus Total Liabilities		Share of Profit / Loss		Share of OCI	
Name of the Entity	% of Interest	31st March, 2018 ₹	31st March, 2017 ₹	2017 - 2018 ₹	2016 - 2017 ₹	2017 - 2018 ₹	2016 - 2017 ₹
Gillanders Arbuthnot & Company Limited	25.78%	1,021,385,038	1,086,711,301	(27,417,288)	(35,108,235)	8,998,251	1,682,403

NOTE - 47

Previous Years' figures have been reclassified / regrouped to confirm the presentation requirements under IND AS and the requirements laid down in Division - II of the Schedule - III of the Companies Act, 2013.

Signature to Note '1' to '47'

Supratim Roychoudhury
 Partner
 Membership No. 066040
 For and on behalf of
 K. Ray & Company
 Chartered Accountants
 Firm Registration No. 312142E
 Kolkata,
 30th May, 2018

R. Gupta
 Chief Financial Officer

M. L. Daga
 Company Secretary
 M. No. F2650

A. V. Kothari
 Director
 DIN : 02572346

On behalf of the Board

A. K. Toshniwal
 Mg. Director
 DIN : 06872891

