



KILBURN CHEMICALS LIMITED

ANNUAL
REPORT
AND
ACCOUNTS
1998-99

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KILBURN CHEMICALS LTD.**DIRECTORS**

DEEPAK KHAITAN – *Chairman*
S.K. JALAN
H. KHAITAN
A.D. NANAIYA
V. VANCHI
S. MUKHERJEE
U. K. SHARMA
PRADIP ROY (*IDBI Nominee*)

PRESIDENT

THOMAS MATHEW

BANKERS

INDIAN BANK
STATE BANK OF TRAVANCORE

AUDITORS

G.P. KEJRIWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
CALCUTTA

REGISTERED OFFICE

768 ANNA SALAI
CHENNAI - 600 002

**FACTORY AND
ADMINISTRATION**

A-81 SIPCOT INDUSTRIAL COMPLEX
MILAVITTAN
TUTICORIN - 628 002

SHARE TRANSFER AGENTS

ABC COMPUTERS PVT. LTD.
FLAT 'C' AMC CENTRE
29/5 VISWANATHAPURAM MAIN ROAD
KODAMBAKKAM
CHENNAI - 600 024

KILBURN CHEMICALS LTD.**NOTICE FOR THE 9TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 9th Annual General Meeting of the Company will be held on Friday, the 3rd September, 1999 at 10.00 A.M. at The Madras School of Social Work Auditorium (1st Floor), 32, Casa Major Road, Egmore, Chennai 600 008, to transact the following :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To elect a Director in the place of Shri Deepak Khaitan, who retires by rotation and being eligible, offer himself for re-election.
3. To appoint Auditors and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS

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

"RESOLVED THAT Shri Upkar Krishnan Sharma, co-opted as a Director of the Company, in the casual vacancy caused by the sudden demise of Shri G. M. Pillai from 28.11.1998 who was to hold office upto the date of this meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

Registered Office :
768, Anna Salai,
Chennai 600 002.
Dated 16th July, 1999.

By Order of the Board
KILBURN CHEMICALS LIMITED
THOMAS MATHEW
President

NOTES

- 1) A member entitled to attend and vote at the meeting may appoint a proxy to attend, and to vote in his place. A Proxy need not be a member of the Company.
- 2) The Proxy Form to be valid, should be duly stamped, executed and deposited at the Registered Office of the Company atleast forty eight hours before the time fixed for the commencement of the meeting.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 1999 to 3rd September, 1999 (both days inclusive).
- 4) Members are informed that consequent to the issue of Notification by the Department of Company Affairs, they can now avail the nomination facility in respect of their Shares/Debentures/Deposits held in the Company. The prescribed Form 2B is enclosed. Members may kindly send the Nomination Form to the Share Transfer Agents of the Company at the earliest.
- 5) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

KILBURN CHEMICALS LTD.**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4 :**

Shri Upkar Krishnan Sharma was co-opted as Director of the Company w.e.f. 28.11.98 in the casual vacancy caused due to the sudden demise of Shri G. M. Pillai. Shri Upkar Krishnan Sharma aged 58 years is a qualified Mechanical Engineer. He is having more than 33 years post qualification experience in Central Machine Shop accountable for Planning, Manufacture and Prove-in of Battery Manufacturing Equipment. Currently, he is designated as Vice President - Manufacturing in Eveready Industries India Limited, Calcutta. His service to the Company as a Director is considered beneficial to the Company. Notice has been received from a shareholder proposing to appoint Shri Upkar Krishnan Sharma as Director liable to retire by rotation.

A fee of Rs. 500/- is also received in this regard.

Hence, the Board recommends to pass the above resolution.

None of the Directors is interested or concerned in the said resolution.

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KILBURN CHEMICALS LTD.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 9th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 1999.

OPERATIONS

The plant operations during the year further improved and the Company was able to achieve a capacity utilisation of 80% during the year as against 72% in the previous year. Simultaneously tangible savings in consumption of power and water were achieved by taking suitable conservation and recycling measures.

The production and sales of Titanium Dioxide and other by-products during the year were as follows :

Product	Production (In Tonnes)	Sales (In Tonnes)
Anatase Grade Titanium Dioxide	3165	3138
Ferrous Sulphate		
Hepta hydrate	4256	4911
Mixed Sulphate Salts	2546	2547

The quality of products manufactured by the Company is being stringently monitored and we are pleased to report that 90% of the annual production of Titanium Dioxide conforms to ISI grade.

Consequent to the above, the Company was able to register operating profits for the first time since inception. The Profit Before Depreciation and Interest for the year was Rs. 708.74 lacs as against Rs. 221.27 lacs in the previous year. After providing for interest and depreciation charges, the book profit of the Company (without considering prior period adjustments) for the year ended 31st March '99 was Rs.77.56 lacs as against a book loss of Rs. 339.70 lacs in the previous financial year. The overall improved performance of the Company is attributable to higher realisations from all products.

REHABILITATION PACKAGE

As reported last year, the Financial Institutions had approved a package envisaging various benefits to the Company. This package has been largely implemented. Part of the intercorporate deposits has been converted into 11% Cumulative Redeemable Preference Shares. The reduction of 50% of equity share capital envisaged in the package and as approved by the shareholders in the Annual General Meeting held on 29th December, 98 awaits approval of the High Court at Chennai and the reduction is expected to be effected in the current year.

FUTURE OUTLOOK

The future of the Company looks encouraging. The Company is continuously in the process of de-bottlenecking sectional capacities with a view to reach higher levels of production. The production achieved during the first quarter of the year has been higher than the previous period. The Selling Price of Titanium Dioxide has also undergone upward revision during the period. The Company thus expects to maintain its improving trend of overall performance.

The market for Titanium Dioxide is promising and the Company does not envisage any difficulty in selling its entire production. The other two by-products manufactured by the Company are also marketed without any major difficulty.

The Company is working on various schemes oriented towards increasing production and cost reduction.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT

As Members are aware, since the accumulated losses of the Company as at 31.03.97 resulted in erosion of more than 50% of the Peak Net Worth, the Company had submitted a report to the "Board for Industrial And Financial Reconstruction" (BIFR) under Section 23(1)(a)(i) of the Sick Industrial Companies (Special Provisions) Act, 1985. However, with the proposed reduction of equity share

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capital referred under the Rehabilitation Package, the accumulated losses of the Company would substantially come down to below 50% of the Peak Net Worth.

CONSERVATION OF ENERGY

The Company is taking steps to economise on the consumption of power, fuel and water by making optimum utilisation of the production capacity and resorting to various energy conservation measures. The required information with regard to energy conservation and technology absorption as required under Section 217(i)(e) of the Companies Act is given in Annexure-A attached to this report.

Y2K COMPLIANCE

Computerised systems and operations are not critical to the operations and processes of the Company. Necessary steps have been/are being taken to ensure that all hardware and software in use in the Company are Y2K compliant in due time.

DIRECTORS

Shri Deepak Khaitan retires by rotation at this Annual General Meeting and being eligible, offers himself for re-election.

Shri U. K. Sharma was co-opted as a Director of the Company in the casual vacancy caused by the sudden demise of Shri G. M. Pillai w.e.f. 28.11.98. He will retire at the conclusion of this Annual General Meeting and is eligible for re-appointment.

Notice has been received from a shareholder proposing to appoint Shri U. K. Sharma as a Director liable to retire by rotation.

AUDITORS

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

PARTICULARS OF EMPLOYEES

Industrial relations in the Company continued to be cordial and satisfactory. There is no employee in the Company falling within the requirements of Section 217(2a) of the Companies Act, 1956 and hence the statement giving such information is not furnished.

ACKNOWLEDGEMENT

Your Directors are grateful for the co-operation and continued guidance and support extended by Industrial Development Bank of India, ICICI Ltd., Indian Bank, State Bank of Travancore and the State Industries Promotion Corporation of Tamil Nadu Ltd. The Directors value and appreciate the dedicated and sincere services rendered by the employees at all levels. Finally, the Directors also wish to thank the shareholders for their patience and continued support.

For and on behalf of the Board

Place : Calcutta,

Date : 16th July, 1999

DEEPAK KHAITAN

Chairman

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ANNEXURE "A"

FORM-A

(See Rule 2)

Disclosure of particulars with respect to conservation of energy.

A) Power and Fuel Consumption :	Current Year 1998-99	Last Year 1997-98
1) Electricity :		
(a) Purchased:		
Units	51,19,003	51,49,464
Total Amount	Rs. 1,95,04,762	Rs. 1,50,33,459
Rate / Unit	Rs. 3.81	Rs. 2.92
(b) Own Generation :		
(i) Through Diesel Generator		
Unit s	4,51,037	67,236
Unit per litre of Fuel	3.89	3.63
Cost per unit	Rs. 2.53	Rs. 2.72
(ii) Through Steam Turbine/Generator	NIL	NIL
2) Coal :	NIL	NIL
3) Furnace Oil :		
Quantity (K.Ltrs)	1,782.665	1,806.465
Total Amount	Rs. 1,08,42,947	Rs. 1,18,36,746
Average Rate	Rs. 6,082.44	Rs. 6,552.44
4) Others		
Fuel Oil for Production :		
Quantity (K.Ltrs)	1,910.763	1,584.119
Value	Rs. 1,80,24,548	Rs. 1,36,20,787
Average Rate	Rs. 9,433.17	Rs. 8,598.34
B) Consumption per unit of production :		
i) Titanium Dioxide :		
a) Power	1,585 Units	1,695 Units
b) Furnace Oil	387 Litres	466 Litres
c) Fuel Oil	604 Litres	731 Litres
ii) Ferrous Sulphate Heptha Hydrate :		
Power	69 Units	88 Units
iii) Mixed Sulphate Salt :		
a) Power	17 Units	22 Units
b) Furnace Oil	219 Litres	168 Litres

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AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of KILBURN CHEMICALS LIMITED as at 31st March, 1999 and the annexed Profit and Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations furnished to us and the books and records examined by us in the normal course of audit, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above :
 - (a) As stated under note 9 in Schedule to the accounts, the company does not envisage any risks due to the Y2K issue. In this connection, it may be noted that audit is not intended, designed nor performed to identify or detect problems that may result from computer hardware, software or other automated process' inability to properly process dates which includes issues, internal and external related to year 2000.
 - (b) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (c) In our opinion, proper books of account as required by the Companies Act, 1956 have been kept by the Company so far as it appears from our examination of the books;
- (d) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the accounting standards referred to in Sub-Section-3(c) of Section 211 of the Companies Act, 1956.
- (e) The Balance Sheet and Profit and Loss Account are in agreement with the books of account as submitted to us;
- (f) In our opinion and to the best of our information and according to the explanations given to us the annexed accounts, subject to and read together with the "Notes and Observations" thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required, and subject to Note-4 in Schedule 24 regarding non-provision of arrears of depreciation of Rs. 3,28,41,905/- for the years ended 31-3-96 and 31-3-97, give a true and fair view;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
 - (ii) in the case of the Profit and Loss Account of the Profit for the year ended on that date.

For **G. P. KEJRIWAL & ASSOCIATES**
Chartered Accountants
(**K. K. SINGHAL**)
Partner

5, Clive Row, Calcutta,
16th July, 1999