



KILBURN CHEMICALS LIMITED

**ANNUAL
REPORT
AND
ACCOUNTS
1999 - 2000**

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KILBURN CHEMICALS LIMITED

Regd. Office: 769 Anna Salai
Chennai - 600 002

2nd August, 2000

Dear Shareholder,

As part of the restructuring package, the Company with the prior consent of the members in the Annual General Meeting held on 29th December, 1998 had approached Hon'ble High Court of Chennai for its consent to reduce the paid up Equity Capital of the Company from Rs. 14,85,00,000 to Rs. 7,42,50,000. The Court has given its approval for the same.

The package inter alia consists the following :

- a) Reduction of paid up Equity Capital from Rs. 14.85 Crores to Rs. 7.425 Crores
- b) Reduction of every paid up Equity Share from Rs. 10/- fully

**"KINDLY NOTE THAT NO SNACKS OR COMPLEMENTS WILL BE
DISTRIBUTED AT THE ANNUAL GENERAL MEETING."**

has already initiated ...

In view of the above, all the Equity Shareholders are requested to send the Share Certificates to the Company's Registrar and Transfer Agents M/s. ABC Computers Pvt. Ltd., Flat "C" 'AMC' Centre, 29/5, Viswanathapuram Main Road, Kodambakkam, Chennai 600 024, for cancellation of the existing Share Certificates to enable the Company to issue fresh Share Certificates as outlined above.

Members who have multiple folio numbers are requested to seek consolidation of their folios into one.

The Company has fixed 28th to 31st August, 2000 as record date and seeks the co-operation of all the Shareholders in this regard.

For KILBURN CHEMICALS LTD.

V. Vanchi

Director

KILBURN CHEMICALS LTD.

DIRECTORS

DEEPAK KHAITAN - *Chairman*
S.K. JALAN
H. KHAITAN
A.D. NANAIYA
V. VANCHI
S. MUKHERJEE
U. K. SHARMA

PRESIDENT

THOMAS MATHEW

BANKERS

INDIAN BANK
STATE BANK OF TRAVANCORE

AUDITORS

G.P. KEJRIWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
CALCUTTA

REGISTERED OFFICE

UNIT 714-A, 7TH FLOOR,
PHASE II, SPENCER PLAZA
769, ANNA SALAI
CHENNAI - 600 002

**FACTORY AND
ADMINISTRATION**

A-81 SIPCOT INDUSTRIAL COMPLEX
MILAVITTAN
THOOTHUKKUDI - 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 10TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 10th Annual General Meeting of the Company will be held on Thursday, the 7th September, 2000 at 10.30 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, 2000 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 S. K. Jalan who retires by rotation and being eligible, offers 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 a Special Resolution.

"RESOLVED THAT the following new Articles be and are hereby inserted after Article 44 of the Articles of Association of the Company."

44A Right of Nomination

- a) Every Share holder or debenture holder of the Company, may be at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- b) Where the shares or debentures of the Company are held by more than one person jointly, the joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner, as may be prescribed under the Act.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person, the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, becomes entitled to all the rights in such shares or debentures – as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- d) Where the nominee is a minor, it shall be lawful for the holder/s of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his/her death, during the minority.
- e) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either
 - 1) To register himself as holder of the shares or debentures, as the case may be; or
 - 2) To make such transfer of the shares or debentures, as the deceased shareholders or debenture holders, as the case may be,
- f) If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder(s) or Debenture holder(s) as the case may be.
- g) A nominee shall be entitled to the shares, dividends, interests and other advantages to which he would be entitled if he was the registered holder of the shares or debentures. However, he shall

KILBURN CHEMICALS LTD.

not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring such person to elect either to be Registered himself or to transfer the shares or debentures, and if the notice is not complied with, within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT the following new Articles be and are hereby inserted after Article 14(3) of the Articles of Association of the Company."

Dematerialisation of Securities

14(4)(a) For the purpose of this Article :

- 1) "Beneficial Owner" shall mean beneficial owner as defined in Clause (a) of Sub-section (1) of Section (2) of the Depositories Act, 1996.
- 2) "Depositories Act" means the Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof for the time being in force.
- 3) "Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- 4) "Member" means the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.
- 5) "Security" shall mean such security as may be specified by SEBI.
- 6) Words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in the Act.

- b) Recognition of interest in Securities under Depositories Act :

Either the Company or the investor may exercise an option to issue, deal in hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory thereto or re-enactment thereof.

- c) Dematerialisation/rematerialisation of securities :

The Company shall be entitled to dematerialise its existing share, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, and the Rules framed thereunder, if any.

- d) Option for investors :

Every person subscribing to or holding securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issued to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- e) Securities in Depositories to be in fungible form :

All securities held by a depository shall be de-materialised and be in fungible form.

- f) Rights of Depositories and beneficial owners

KILBURN CHEMICALS LTD.

- 1) Notwithstanding anything to the contrary contained in these Articles, Depository shall be deemed to the registered owner for the purpose of effective transfer of ownership of security on behalf of the Beneficial Owner.
- 2) Save as otherwise provided in a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- 3) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by the Depository.
- g) Provisions of Articles to apply to shares held in depository ;
Except as specifically provided in these Articles, the provisions relating to jointholders of shares calls, lien on shares, forfeiture of shares and transfer, transmission of shares shall be applicable to shares held in physical form subject to the provisions of the Depositories Act.
- h) Progressive Numbers :
The shares in the capital shall be numbered progressively according to their several denomination, provided however that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future in dematerialised form.
- i) Register and Index of Members :
The Company shall cause to be kept a Register and Index of members and a Register and Index of Debenture Holders in accordance with all applicable provisions of the Companies Act, 1956, and the Depositories Act, with the details of shares and debentures held in material and dematerial forms in any media as may be permitted by law including in any form of electronic media.
The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Registrar and Index of Members and Security holders for the purposes of these Articles.
The Company shall be entitled to keep in any State a Branch Register of Members Resident in the State.
- j) Beneficial Owner deemed as Absolute Owner :
Except as Ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of these shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any bename trust or equitable, contingent, future or partial interest in any share or (only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles on the part of any other person whether or it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

INTERCORPORATE LOANS AND INVESTMENTS :

"RESOLVED THAT pursuant to the provisions of Section 372(2) and any other applicable provisions of the Companies Act, 1956, and subject to the approval of the public financial institutions, wherever necessary, consent of the Company be and is hereby accorded to the Board of Directors to invest in loans to any other body corporate or to give any guarantee or to provide security in connection with a loan made by any other person to, or to any other person, by any body corporate, and acquire by way of subscription, purchase or notwithstanding that such investment or loan or guarantee may exceed 60% (sixty percent) of the paid up capital and free reserves of the Company or 100% (one hundred percent) of the free reserves of the Company, whichever is more."

KILBURN CHEMICALS LTD.

"RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorised to determine the actual sums to be so invested and all or any matters arising out of and incidental to the said investment."

Registered Office :
Unit 714-A, 7th Floor,
Phase II, Spencer Plaza,
769, Anna Salai, Chennai 600 002.
Dated : 9th May, 2000.

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 28th August, 2000 to 31st August, 2000 (both days inclusive)
- 4) Members are informed that consequent to the issue of Notification by the Department of Company Affairs, they can now avail the nomination facility in respect of their Shares/Debentures/Deposits held in the Company. Members may kindly send the Nomination Form to the Share Transfer Agents of the Company, if not already sent.

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

The Central Government, vide the Companies Amendment Act, 1999 has inserted New Sections 109 A and 109 B providing for

Nomination facility for Registered Members of the Company. These provisions also provide for transmission of shares to the nominees. In line with these modifications it is proposed to amend the Articles of Association of the Company by adding new Articles.

None of the Directors are interested in this resolution.

The Directors commend the resolution for adoption.

ITEM NO. 5 :**DEMATERIALISATION OF SECURITIES**

The Central Government has enacted the Depositories Act, 1996 and Securities and Exchange Board of India (Depositories and Participants) regulations 1996, to enable share holders to maintain their shares in electronic form. Consequent upon this, certain changes/new additions are needed to be made in the Articles of Association of the Company. This needs approval of the members in a meeting by a Special Resolution.

None of the Directors are interested in the above Resolution. The Directors commend the resolution for adoption.

ITEM NO. 6 :

Section 372(2) of the Companies Act, 1956 requires consent of shareholders by a Special Resolution and subject to prior approval of public financial institutions in specified circumstances for investments in shares of any other Body Corporate etc. beyond 60% of the paid up capital and free reserves or 100% of free reserves of the Company whichever is more.

In accordance with the aforesaid provisions the Company proposes to authorise Board of Directors to make investments in other bodies corporate beyond the limits prescribed by Sec.372(2) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in this resolution.

The Directors commend the resolution for adoption.

KILBURN CHEMICALS LTD.**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 10th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2000.

OPERATIONS

The plant operations during the year improved significantly and the Company was able to achieve satisfactory capacity utilisation of 94% during the year against 80% in the previous year.

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	3703	3739
Ferrous Sulphate		
Heptha Hydrate	5335	5333
Mixed Sulphate Salt	2755	1571

The quality of products manufactured by the Company is very satisfactory and more than 98% of the production of Titanium Dioxide conformed to ISI grade. Production, both in terms of volume and quality, improved appreciably and the selling price of Titanium Dioxide remained firm throughout the year. Even though there was significant flow of imported Titanium Dioxide pigment during the year, especially from China, the domestic selling price of Titanium Dioxide was not affected. But for such indiscriminate imports, the selling price realisation could have been higher.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	1999-2000	1998-1999
Turnover (Net)	3012.05	2376.79
Gross Profit (PBIDT)	972.51	708.74
Interest	457.75	458.87
Depreciation for the year	173.25	172.31
Profit Before Tax (PBT)	341.51	77.56
Prior period adjustment	-	43.26
Available profit	341.51	34.30
Provision for Taxation	0.08	-
Profit for the year After Tax (PAT)	341.43	34.30

In view of the availability of profit, your Directors considered it prudent to charge the entire amount of arrear depreciation, in respect of prior years, amounting to Rs. 328.42 lacs. With this adjustment, the Company does not have any prior period item to be incorporated in the Accounts.

REHABILITATION PACKAGE :

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 29/12/98 awaits approval of the High Court.

Your Company has been regular in discharging its obligations to its lenders.

ISO 9002 :

Your Company has received the ISO 9002 Certification for manufacture and supply of Titanium Dioxide. With this, your Company is the first Indian Titanium Dioxide manufacturing Company to have obtained this accreditation.