

ANNUAL REPORT & ACCOUNTS

2000-2001

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KILBURN CHEMICALS LIMITED

KILBURN CHEMICALS LTD.

DIRECTORS

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

PRESIDENT

P. S. VENKATESH

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

MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE, 2ND FLOOR
CALCUTTA - 700 001

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KILBURN CHEMICALS LTD.**NOTICE FOR THE 11TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 11th Annual General Meeting of the Company will be held on Friday, the 7th day of September, 2001 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, 2001 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 A.D. Nanaiya who retires by rotation and being eligible, offers himself for re-election.
3. To elect a Director in the place of Shri Haigreve Khaitan who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and to authorise the Board to fix their remuneration.
5. To declare dividend on Preference Shares.

AS SPECIAL BUSINESS

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

"RESOLVED that Subject to the provisions required by Schedule XIII of the Companies Act, 1956 the Company hereby approves the appointment of Shri S.K. Jalan as the Managing Director of the Company for a period of 3 years with effect from 14.11.2000 on the terms and conditions enumerated in the Explanatory Statement".

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

By Order of the Board
KILBURN CHEMICALS LIMITED
DEEPAK KHAITAN
Chairman

Dated : 2nd July, 2001

NOTES :

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend, and to vote in his place. A Proxy need not be a member of the Company.
2. The Proxy Form to be valid, should be duly stamped, executed and deposited at the Registered Office of the Company at least forty eight hours before the time fixed for the announcement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September 2001 to 7th September 2001.

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KILBURN CHEMICALS LTD.**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

In view of the continuing growth and complexities of the Company's operations and having regard to Mr. S. K. Jalan's rich and varied experience in the matters pertaining to business and commerce, the Board of Directors at its meeting held on 30th October, 2000 has appointed Mr. S K Jalan as the Managing Director of the Company subject to the approval of the members in the next General Meeting. An abstract of the terms of Mr. Jalan's appointment is set out below for information :

Period

Mr. S K Jalan shall be the Managing Director of the Company for a period of three years with effect from 14th November, 2000.

Duties

Mr. S K Jalan shall subject to the superintendence, control and direction of the Board perform such duties and exercise such powers which have been or may from time to time be entrusted to or vested in him by the Board.

Remuneration

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

Salary

Rs. 50,000/- p.m. with such revision as the Board may approve from time to time in the salary grade of Rs. 50,000/- to Rs. 75,000/-

Commission at the rate of 1% of the net profits of the Company subject to a ceiling of fifty percent of the annual salary.

Perquisites

In addition to the above remuneration Mr. S K Jalan shall also be entitled to perquisites like furnished accommodation, gas, electricity, water, soft furnishings, medical reimbursements and leave travel concession for self and family, club fees, lump sum annual allowances, bonus, ex-gratia, medical insurance, personal accident insurance, leave encashment, benefits of Provident Fund and Gratuity Fund, car and telephone etc. in accordance with the rules of the Company.

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

Minimum Remuneration

In the event of loss or inadequacy of profits in any year during the tenure of office of Mr. S K Jalan, the remuneration payable to him for that year shall be determined and allocated by the Board within the ceiling limit laid down in paragraphs 1 & 2 of Section II of Part II of Schedule XIII of the Companies Act, 1956.

Other Conditions

The agreement also sets out the mutual rights and obligations of the concerned parties and other administrative details.

The appointment and remuneration of Mr. S K Jalan as the Managing Director of the Company requires the approval of the members of the Company in General Meeting in terms of Part III of Schedule XIII of the Companies Act, 1956.

Mr. S K Jalan and Mr. Deepak Khaitan are concerned or Interested in the appointment of Mr. S K Jalan as the Managing Director of the Company.

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KILBURN CHEMICALS LTD.**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 11th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2001.

OPERATIONS

The plant operations during the year improved further and the Company was able to achieve 100% capacity utilization during the year as compared to 94% 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	3970	3920
Ferrous Sulphate		
Heptha Hydrate	5081	4962
Mixed Sulphate Salt	3031	2670

The quality of Products was satisfactory with over 91% of the production of TiO₂ confirming to ISI grade. Despite severe pressure on margins, mainly due to import of Titanium Dioxide pigment from China, the Company was able to sustain selling prices and profitability.

FINANCIAL HIGHLIGHTS

	(Rs. In Lacs)	
	2000-2001	1999-2000
Turnover (Net)	3220.92	3012.05
Gross Profit (PBIDT)	915.61	972.51
Interest	391.61	457.75
Depreciation :		
For the year	178.49	173.25
For earlier years	—	328.42
Profit Before Tax (PBT)	345.51	13.09
Provision for Taxation	28.00	0.08
Profit for the year		
After Tax (PAT)	317.51	13.01

DIVIDEND

Considering the performance of the Company, the Board of Directors at their meeting held on 30th June, 2001 has recommended dividend on the

Cumulative Redeemable Preference Shares @ 11% per annum for the period from 23rd April, 1999 to 31st March, 2001 aggregating Rs.83.48 lacs.

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 was approved by the Hon'ble High Court, Chennai on 27.09.2000. Accordingly, the reduction in Equity Share Capital has been effected during the year ended 31st March, 2001. Your Company has been regular in discharging its obligations to its lenders.

FUTURE OUTLOOK

The Company has been continuously exploring possibilities of improving the level of production by de-bottlenecking sectional capacities and adding to balancing equipment. Besides, the Company is making substantial investments in the areas of safety and pollution control. The required expenditure is being met entirely out of internal accruals.

The ongoing programmes for reduction and monitoring of the environmental impact of operations as also attempts to re-cycle/re-use materials in the process, wherever feasible, will continue to ensure that the plant operates well within the statutory requirements.

CORPORATE GOVERNANCE

The Company has initiated steps for implementation of governance as required by SEBI guidelines. The Company will ensure full compliance with specific guidelines by the stipulated date of 31st March, 2002.

AUDIT COMMITTEE

As required under Section 292A of the Companies Act, 1956, an Audit Committee has been constituted. The Audit Committee shall perform such of the functions as are enumerated in the Act and also upon the terms of reference as may be indicated by the Board from time to time. The Audit Committee comprises of the following Members :-

Mr. V. Vanchi - Chairman of the Committee
Mr. Supriya Mukherjee
Mr. Haigreve Khaitan

DIRECTORS RESPONSIBILITY STATEMENT

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

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KILBURN CHEMICALS LTD.

- (1) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (2) That the Directors have selected such accounting policies and applied them consistently and made judgements 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 year under review ;
- (3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) That the Directors have prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY

The Company is taking steps to minimise power, fuel and water consumption by optimising the production capacity and resorting to various conservations/recycling 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.

DIRECTORS

Shri S. K. Jalan has been appointed as Managing Director of the Company with effect from 14.11.2000 for a period of 3 years. Abstract of the appointment was communicated to the Members on 1st December, 2000. The appointment and remuneration referred above are in conformity with the requirements of Part I and Part II of schedule XIII to the Companies Act, 1956. This will require the approval of the Shareholders of the Company and the necessary resolutions will be included in the notice conveying the forthcoming Annual General Meeting of the Company.

Shri Haigreave Khaitan and Shri A. D. Nanaiya, Directors of the Company retire by rotation at this Annual General Meeting, and being eligible, offer themselves for re-election.

The Board regret to inform the resignation of one of the Directors, Shri U. K. Sharma on 24.07.2000. The Directors place on record their appreciation for the valuable contribution of Shri U. K. Sharma during his tenure on the Board.

AUDITORS

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

COST AUDITOR

The Board of Directors have appointed Shri R. Subramanyam, Cost Accountant, Tirunelveli, to audit the cost accounts of the Company related to manufacture of Titanium Dioxide for the financial year ended 31st March, 2001, in compliance with the Central Government directives in this regard.

PARTICULARS OF EMPLOYEES

Industrial relations in the Company continued to be satisfactory.

No employee of the Company was in receipt of remuneration during the financial year 2000-01 in excess of the sum prescribed Under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975.

DEMATERIALISATION

Your Company's shares have been made available for dematerialisation from 29th January, 2001. As on 1.7.2001, 2404 shareholders have dematerialised their holdings aggregating to 24.07% of the paid-up capital of the Company.

ACKNOWLEDGEMENT

Your Directors are grateful for the co-operation and continued guidance and support extended by Industrial Development Bank of India, Industrial Credit and Investment Corporation of India Limited, Indian Bank, State Bank of Travancore, and the State Industries Promotion Corporation of Tamil Nadu Limited. The Directors greatly appreciate the dedicated and sincere services rendered by the employees at all levels. Finally, the Directors owe a debt of gratitude to all the shareholders for their support.

For and on behalf of the Board

Place : Calcutta,

DEEPAK KHAITAN

Date : 2nd July, 2001

Chairman

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KILBURN CHEMICALS LTD.**ANEXURE "A"****FORM-A**

(See Rule 2)

Disclosure of particulars with respect to conservation of energy.

A) Power and Fuel Consumption :	Current Year 2000-2001	Last Year 1999-2000
1) Electricity :		
(a) Purchased:		
Units	56,34,289	54,59,090
Total Amount	Rs.2,32,57,601	Rs.2,16,70,262
Rate/Unit	Rs.4.13	Rs.3.97
(b) Own Generation :		
(i) Through Diesel Generator		
Units	2,38,133	5,76,263
Units per litre of Fuel	3.33	3.35
Costs per unit	Rs.4.57	Rs.3.11
(ii) Through Steam Turbine/Generator	NIL	NIL
2) Coal :	NIL	NIL
3) Furnace Oil :		
Quantity (K.Ltrs)	1883.800	2092.030
Total Amount	Rs.2,13,15,258	Rs.1,89,47,116
Average Rate	Rs.11,315.03	Rs.9,056.81
4) Others		
Fuel Oil for Production :		
Quantity (K.Ltrs)	1814.869	1784.220
Value	Rs.2,71,17,585	Rs.1,98,07,629
Average Rate	Rs.14,941.90	Rs.11,101.56
B) Consumption per unit of production :		
i) Titanium Dioxide :		
a) Power	1,419 Units	1,527 Units
b) Furnace Oil	401 Litres	459 Litres
c) Fuel Oil	457 Litres	482 Litres
ii) Ferrous Sulphate Heptha Hydrate :		
Power	41 Units	63 Units
iii) Mixed Sulphate Salt :		
a) Power	10 Units	16 Units
b) Furnace Oil	96 Litres	142 Litres

KILBURN CHEMICALS LTD.**BALANCE SHEET AS AT 31st MARCH, 2001.**

	Schedule	31.03.2001		31.03.2000
		Rs	Rs.	Rs.
I. SOURCES OF FUNDS				
1. Shareholders' Funds:				
a. Share Capital	1	11,33,72,000		18,76,22,000
b. Reserves and Surplus	2	28,01,089		19,76,000
			11,61,73,089	18,95,98,000
2. Loan Funds				
a. Secured	3	14,67,94,785		20,94,17,179
b. Unsecured	4	11,96,64,106		10,15,04,817
			26,64,58,891	31,09,21,996
			38,26,31,980	50,05,19,996
II. APPLICATION OF FUNDS:				
1. Fixed Assets	5			
a. Gross Block		38,01,77,388		37,79,76,023
b. Less: Depreciation		10,93,99,607		9,15,50,455
c. Net Block		27,07,77,781		28,64,25,568
d. Capital work in progress		1,13,98,647		50,00,000
			28,21,76,428	29,14,25,568
2. Investments	6		2,97,469	—
3. Current Assets, Loans, Advances and Deposits				
a. Inventories	7	3,01,10,567		2,70,96,280
b. Sundry Debtors	8	3,12,65,237		2,33,21,021
c. Cash and Bank Balances	9	34,34,724		2,40,50,885
d. Loans, Advances and deposits	10	7,55,19,297		5,79,53,285
		14,03,29,825		13,24,21,471
Less: Current Liabilities and Provisions				
a. Liabilities	11	2,93,70,631		2,19,74,767
b. Provisions	12	1,40,45,260		16,53,595
		4,34,15,891		2,36,28,362
Net Current Assets			9,69,13,934	10,87,93,109
4. a. Miscellaneous Expenditure	13		32,44,149	43,25,531
b. Profit & Loss Account			—	9,59,75,788
			38,26,31,980	50,05,19,996
Notes on Accounts	24			

As per our attached Report of even date.
For **G.P.KEJRIWAL & ASSOCIATES**
Chartered Accountants
K.K.SINGHAL
Partner

Calcutta, 30th June, 2001.

K. A. PARTHASARATHY
Company Secretary

S. K. JALAN
Managing Director
V. VANCHI
Director

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