



KILBURN CHEMICALS LIMITED

**ANNUAL
REPORT
AND
ACCOUNTS
2001-2002**

Report  junction.com

KILBURN CHEMICALS LTD.

DIRECTORS

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

PRESIDENT

P.S. VENKATESH

BANKERS

INDIAN BANK
STATE BANK OF TRAVANCORE

AUDITORS

G.P. KEJRIWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
KOLKATA

REGISTERED OFFICE

200, PETERS ROAD, ROYAPETTAH
CHENNAI - 600 014

**FACTORY AND
ADMINISTRATION**

A-81 SIPCOT INDUSTRIAL COMPLEX
MILAVITTAN
THOOTHUKKUDI - 628 002

SHARE TRANSFER AGENTS

MAHESWARI DATAMATICS PVT. LTD.
6, MANGOE MANE, 2ND FLOOR
KOLKATA - 700 001

KILBURN CHEMICALS LTD.**NOTICE FOR THE 12TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 12th Annual General Meeting of the Company will be held on Monday, the 9th day of September, 2002 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, 2002 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 V. Vanchi, who retires by rotation and being eligible, offers himself for re-election.
3. To elect a Director in the place of Shri Supriyo Mukherjee 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 Equity and Preference Shares.

Registered Office :
200, Peters Road,
Chennai 600 014.

By Order of the Board
KILBURN CHEMICALS LIMITED
DEEPAK KHAITAN
Chairman

Dated : 28th June, 2002.

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, 2002 to 9th September, 2002 (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.

KILBURN CHEMICALS LTD.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 12th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

	(Rs.in lacs)	
	2001-02	2000-01
Turnover (Net)	3713.66	3220.92
Gross Profit (PBIDT)	954.91	915.61
Interest	347.04	391.61
Depreciation for the year	180.69	178.49
Profit Before Tax (PBT)	427.18	345.51
Provision for Income Tax	33.00	28.00
Provision for Deferred Tax	133.81	—
Profit After Tax (PAT)	260.37	317.51
Add : Excess provision for Income Tax for earlier year written back	3.05	—
Add : Surplus/(Loss) brought Forward from Previous Year	0.25	(217.26)
Profit available for appropriation	263.67	100.25
Transferred to General Reserve	15.00	8.00
Proposed Dividend	154.41	83.48
Dividend Tax	—	8.52
Balance carried forward to next year	94.26	0.25

OPERATIONS

The plant operations improved significantly following successful implementation of certain planned measures towards better operating practices/process modifications etc.

The production of Titanium Dioxide registered an increase of 23% over the previous fiscal year. Its by product namely Ferrous Sulphate Heptha Hydrate also witnessed increased volume and better realisation as compared to the previous year.

Product	Production (In Tonnes)	Sales (In Tonnes)
Anatase Grade Titanium Dioxide	4901	4972
Ferrous Sulphate Heptha Hydrate	7212	7165
Mixed Sulphate Salt	2019	713

The quality of products manufactured by the Company has considerably improved, as 98% of the production of Titanium Dioxide conformed to ISI grade as compared to the previous year of 91%. The increase in flow of imported materials from China has caused considerable decline in selling price. However, your Company has been able to offset the adverse impact to some extent by increased level of production and economising in input cost.

PREFERENCE DIVIDEND

In view of the availability of Profit, your Directors recommended the Preference Dividend for the period from 1st April 2001 to 31st March, 2002 amounting to Rs. 43.03 lacs.

EQUITY DIVIDEND

Your Directors are pleased to recommend maiden Dividend @ 15% on the Equity Shares of Rs.10/- each subject to the approval of the shareholders in the Annual General Meeting.

FUTURE OUTLOOK

Despite the competitive market conditions for reasons as outlined above, your Company does not envisage difficulties in selling the incremental volume. Your Company is continuously exploring all possibilities for augmenting its level of production by maximising its plant utilisation.

The Company has recently installed Wet Electrostatic Precipitator imported from USA. With this installation, your Company will be able to effectively adhere to pollution control norms.

CONSERVATION OF ENERGY

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

KILBURN CHEMICALS LTD.**CORPORATE GOVERNANCE**

Consequent to introduction of the Code on Corporate Governance by the Securities and Exchange Board of India, your Company had complied with the Code as per Schedule of implementation in terms of Clause 49 of the Listing Agreement. Details are given vide Annexure B which has been certified by the Statutory Auditors.

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. Supriyo Mukherjee

Mr. Haigreave 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 :

(1) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2002, 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 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.

COST AUDITOR

The Board of Directors have appointed Shri R. Subramanian, Cost Accountant, Tirunelveli, to audit the cost accounts of the Company related to manufacture of Titanium Dioxide for the financial year ended 31st March, 2002, in compliance with the Central Government directives in this regard.

DIRECTORS

Shri V. Vanchi and Shri Supriyo Mukherjee, retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-election.

AUDITORS

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

The Directors are of the view that Notes to the Accounts provide the necessary explanation to the observations of the Auditors in their report.

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, Industrial Credit And Investment Corporation of India Limited, Indian Bank, State Bank of Travancore and the State Industries Promotion Corporation of Tamil Nadu Ltd. 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 : Kolkata,

Date : 28th June, 2002.

DEEPAK KHAITAN

Chairman

www.kilburnchemicals.com

KILBURN CHEMICALS LTD.

ANNEXURE - A

FORM-A

(See Rule 2)

Disclosure of particulars with respect to conservation of energy.

A) Power and Fuel Consumption :		Current Year 2001-2002	Last Year 2000-2001
1) Electricity :			
(a) Purchased:			
Units		53,18,328	56,34,289
Total Amount		Rs.2,23,58,148	Rs.2,32,57,601
Rate/Unit		Rs.4.20	Rs.4.13
(b) Own Generation :			
(i) Through Diesel Generator			
Units		18,45,138	2,38,133
Units per litre of Fuel		3.55	3.33
Costs per unit		Rs.4.46	Rs.4.57
(ii) Through Steam Turbine/Generator		NIL	NIL
2) Coal :		NIL	NIL
3) Furnace Oil :			
Quantity (K.Ltrs)		1724.680	1883.800
Total Amount		Rs.1,48,24,921	Rs.2,13,15,258
Average Rate		Rs.8,595.75	Rs.11,315.03
4) Others			
Fuel Oil for Production :			
Quantity (K.Ltrs)		2260.380	1814.869
Value		Rs.3,01,37,549	Rs.2,71,17,585
Average Rate		Rs.13,332.96	Rs.14,941.90
B) Consumption per unit of production :			
i) Titanium Dioxide :			
a) Power		1,320 Units	1,419 Units
b) Furnace Oil		312 Litres	401 Litres
c) Fuel Oil		461 Litres	457 Litres
ii) Ferrous Sulphate Heptha Hydrate :			
Power		90 Units	41 Units
iii) Mixed Sulphate Salt :			
a) Power		23 Units	10 Units
b) Furnace Oil		96 Litres	96 Litres

REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

The following is a report on Corporate Governance code as implemented by your Company.

A. MANDATORY REQUIREMENTS

1. CORPORATE GOVERNANCE

Your Company firmly believes in transparency, professionalism and accountability in its dealings and lays emphasis on integrity and compliance of regularity provisions and has constantly endeavoured to practice good Corporate Governance. The above policies adopted by the Company recognise the accountability of the Board and assist its top management in the efficient conduct of the business of the Company and at the same time in meeting its social obligations.

The Company has taken a series of steps to put in place appropriate Corporate Governance policies for your Company and to comply with many of the regulations framed in this regard by Securities Exchange Board of India.

2. BOARD OF DIRECTORS

The Board of Directors of your Company is consisting of six Directors, one of whom is the Managing Director. All other Directors are non-executive Directors and not less than one third of the Board comprises of independent Directors.

The composition, Status, Attendance at the Board Meetings and the last Annual General Meeting (AGM), outside Directorship and other Board Committees.

Name of Director	Status i.e., Executive, Non Executive and Independent	No. of Membership in other Boards or other Committees as a Member or Chairman (other than Private Limited Companies and Kilburn Chemicals Limited)		Number of Board Meetings		Whether attended last A.G.M.
		Board	Committee	Held during the year	Attended during the year	
Shri Deepak Khaitan	Non Executive Chairman cum Promoter	10	1	6	2	NO
Shri S. K. Jalan	Executive Managing Director	8	1	6	6	YES
Shri V. Vanchi	Non Executive Independent Director	8	3	6	6	YES
Shri Supriyo Mukherjee	Non Executive Independent Director	2	4	6	6	NO
Shri A. D. Nanaiya	Non Executive Independent Director	1	2	6	NIL	YES
Shri Haigreave Khaitan	Non Executive Independent Director	19	9	6	NIL	NO

Number of Board Meetings held and the dates on which held :

Six Board Meetings were held during the year 2001-2002 on 30/06/2001, 30/07/2001, 04/10/2001, 17/10/2001, 30/01/2002 & 02/03/2002.

KILBURN CHEMICALS LTD.**3. REMUNERATION TO DIRECTORS**

The Board of Directors has constituted the Remuneration Committee which includes Mr. V. Vanchi (Chairman), Mr. A. D. Nanaiya and Mr. Supriyo Mukherjee.

The details of Remuneration paid to Directors for the year ended March 31, 2002 is as follows :

Name of Director	Sitting Fees	Salaries & Perquisites	Commission
Mr. Deepak Khaitan	Rs.4,000/-	—	—
Mr. S.K. Jalan	—	Rs.8,37,214/-	NIL
Mr. V. Vanchi	—	Rs.16,000/-	— —
Mr. A.D. Nanaiya	—	—	—
Mr. Haigreave Khaitan	—	—	—
Mr. Supriyo Mukherjee	Rs.16,000/-	—	—

There are no stock option plans for the Company.

The agreement with the Managing Director is for a period of three years, notice period is of 6 months and Service Contract is from 14th November, 2000 to 13th November, 2003.

The Board of Directors consider remuneration of Managing Director on the basis of approval received from the Shareholders.

4. AUDIT COMMITTEE

The Board of Directors of the Company has constituted Audit Committee, which comprises of Mr. V. Vanchi (Chairman); Mr. Haigreave Khaitan and Mr. Supriyo Mukherjee, all of whom are Non Executive cum Independent Directors. Mr. S. Mukherjee has adequate financial and accounting qualification. The terms of reference of the Audit Committee covers the matter specified for Audit Committee under the Listing Agreement and the Companies (Amendment) Act, 2000 and is vested with the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advises.
- To seek attendance of outsiders with relevant expertise, if considered necessary.

The Audit Committee, met during the year on 30th June, 2001, 17th October, 2001 & 2nd March, 2002.

Mr. V. Vanchi and Mr. Supriyo Mukherjee attended these three meetings held during the year and Mr. Haigreave Khaitan could not attend any of the meetings held during the year.

The Statutory Auditors, the Managing Director and the Internal Auditors are invitees to the Audit Committee Meetings.

Mr. J. Thangadurai act as the secretary of the committee.

KILBURN CHEMICALS LTD.**5. SHARE TRANSFER COMMITTEE (INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE)**

The Committee is headed by Mr. V. Vanchi, Non Executive and Independent Director. The other members of the Committee include Mr. S. K. Jalan, Executive cum Managing Director and Mr. A. D. Nanaiya, Non Executive and Independent Director.

The Committee looks into redressal of investors grievances, various matters relating to the transfer and transmission of shares, issue of duplicate share certificates, approving of split and consolidation requests and other matters relating to transfer and registration of shares.

All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March, 2002.

The committee generally meets once a month

a	No.of complaints received from stock Exchange /SEBI / Investors	469
b	No. of complaints resolved / no action taken	469
c	No. of pending share transfers as on 31.3.02	NIL

Mr. J. Thangadurai is the Compliance Officer.

6. GENERAL BODY MEETINGS

The location and time of the General Meetings held during the last three years is as follows :

AGM/EGM	Date	Venue	Time	No.of special resolutions passed
AGM	07.09.2001	The Madras School of Social Work Auditorium (1st Floor), 32, Casa Major Road, Egmore, CHENNAI 600 008.	10.00 A.M.	NIL
AGM	07.09.2000	The Madras School of Social Work Auditorium (1st Floor), 32, Casa Major Road, Egmore, CHENNAI 600 008.	10.30 A.M. "	3
AGM	03.09.1999	The Madras School of Social Work Auditorium (1st Floor), 32, Casa Major Road, Egmore, CHENNAI 600 008.	10.00 A.M.	NIL

Postal Ballot : Not Applicable

No other general meetings were held in course of the last 3 years.

7. DISCLOSURES

There are no materially significant related party transactions except those mentioned in schedule 25 on notes on accounts.

No penalty/strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws.

8. MEANS OF COMMUNICATION

Quarterly and half yearly results are published in Business Line and Kadhiraavan. The annual results are mailed to every shareholders of the company.

The Management discussion and Analysis Report is a part of Annual Report, refer annexure.

