



KILBURN CHEMICALS LTD.

Report **ANNUAL** junction.com

**REPORT
AND
ACCOUNTS
2004 - 2005**

KILBURN CHEMICALS LTD.

DIRECTORS

DEEPAK KHAITAN - *Chairman*
 S. K. JALAN - *Managing Director*
 V. VANCHI
 S. MUKHERJEE
 A. D. NANAIYA
 PADAM KUMAR KHAITAN
 R. CHAUDHRI

PRESIDENT

P. S. VENKATESH

**VICE-PRESIDENT,
 COMMERCIAL &
 COMPANY SECRETARY**

R. RADHAKRISHNAN

BANKERS

STATE BANK OF TRAVANCORE
 UTI BANK LIMITED

AUDITORS

G. P. KEJRIWAL & ASSOCIATES
 CHARTERED ACCOUNTANTS
 KOLKATA

REGISTERED OFFICE

NEW NO. 23, OLD NO. 12,
 NEELAKANTA MEHTA STREET
 T. NAGAR
 CHENNAI - 600 017

**FACTORY AND
 ADMINISTRATION**

A-81 SIPCOT INDUSTRIAL COMPLEX
 MILAVITTAN
 THOOTHUKKUDI - 628 002

SHARE TRANSFER AGENTS

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

KILBURN CHEMICALS LTD.**NOTICE FOR THE 15TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 15th Annual General Meeting of the Company will be held on Wednesday, the 17th day of August, 2005 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, 2005 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity and Preference Shares.
3. To elect a Director in the place of Shri Ranjit Chaudhri who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Shri Padam Kumar Khaitan who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution by means of a Postal Ballot:
"RESOLVED THAT Pursuant to Section 17 of the Companies Act, 1956, the Objects Clause III C of the Memorandum of Association of the Company, be and is hereby amended by inserting the following new Clauses 28 and 29 after Clause 27 in the existing Memorandum of Association of the Company :

28) To generate, consume, purchase, sell, supply and distribute electricity by erection/installation of wind or hydel or thermal or solar or atomic or by any other power stations in India or elsewhere and to instal/erect transmission equipment, feeder lines, sub-stations etc., in connection therewith.

29) To carry on the business of Information Technology covering IT-enabled services (ITES), automation services, technologies, design, training, development, consulting, systems integration, trading, distribution and value added services of hardware and software, computers and communication systems, peripherals and application software."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), and subject to relevant provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and

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modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist the Company's Equity Shares from The Madras Stock Exchange and The Calcutta Stock Exchange."

Registered Office :

New No.23, Old No.12,
Neelakanta Mehta Street,
T. Nagar,
Chennai 600 017.
Dated : 26th May, 2005

By Order of the Board
KILBURN CHEMICALS LTD.
S. K. JALAN
Managing Director

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 commencement of the meeting.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 11th August, 2005 to 17th August, 2005 (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 at the earliest.
- 5) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- 6) As per Section 192A of the Companies Act, 1956 read with The Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the consent of the Shareholders in respect of Resolution No.6, is required to be obtained by means of a Postal ballot.
- 7) The Postal Ballot Form and a Self-addressed Business Reply Envelope have already been forwarded to the shareholders separately.

KILBURN CHEMICALS LTD.**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 3**

Shri Ranjit Chaudhri, retires by rotation and being eligible, offers himself for re-appointment. Pursuant to requirement of the Listing Agreement of the Stock Exchanges relating to Corporate Governance, a statement furnishing details of the above Director is attached herewith.

ITEM NO. 4

Shri Padam Kumar Khaitan, retires by rotation and being eligible, offers himself for re-appointment. Pursuant to requirement of the Listing Agreement of the Stock Exchanges relating to Corporate Governance, a statement furnishing details of the above Director is attached herewith.

ITEM NO. 6

Pursuant to Section 17 of the Companies Act, 1956, any additions/alterations to the Memorandum of Association requires the approval of the Members by a Special Resolution. The Company proposes to amend the objects clause of the Memorandum of Association of the Company by insertion of New Clauses, relating to power generation and new business relating to IT sector.

As per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, consent of the Members is required to be obtained by means of a Postal Ballot.

As the Company has been expanding its operations, it is necessary that serious steps are taken to reduce the cost of production to a great extent and also bring innovative methods to utilize the utilities of the Company in an economical manner. Setting up of windmill/s for generation of electricity at lower costs is considered prudent for attaining the above objective.

It will be beneficial if the Company do explore the possibility of setting up new business including information technology, software and hardware business, setting up of new offices for conducting the information Technology and similar business within the ambit of information Technology for expanding the areas of business.

The Board recommends the resolution for your approval.

None of the Director(s) is/ are concerned/interested in the said Resolution except to the extent of shares held by them in the Company.

ITEM NO. 7

Presently, the Company's Shares are listed on the Madras, Mumbai and Calcutta Stock exchanges. With the wide and extensive networking of centres at BSE, the investors have access to online dealings in the Company's Equity Shares across the Country. Moreover, the Company's Equity Shares are required to be traded only in demat form by all investors.

The trading volumes of the Company's Equity Shares on the Madras and Calcutta Stock exchanges are negligible. The proposed voluntary delisting of the Company's shares from the Madras and Calcutta will not affect the shareholders. Pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, it is now proposed to seek the approval of the shareholders by way of a Special Resolution at the ensuing Annual General Meeting of the Company.

The Board recommends the resolution for your approval.

None of the Director(s) is/are concerned/interested in the said Resolution except to the extent of shares held by them in the Company.

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**Details of Directors seeking appointment / reappointment in
Annual General Meeting scheduled to be held on 17th August, 2005**

Name of the Director(s)	Shri Ranjit Chaudhri	Shri Padamkumar Khaitan
Age	39 years	52 years
Date of Appointment	30th June, 2003	31st January, 2003
Expertise in specific Functional Areas	Industrialist	Advocate
Qualification	Bachelors Degree in Economics from Brandeis University, USA & the London School of Economics	Attorney-at Law
List of outside Directorship held	1. Holtzman Systems Ltd. 2. Holtzman International Ltd. 3. Eriabarie Properties Pvt.Ltd.	1. Rungamatee Tea & Industries Ltd. 2. Cheviot Agro Industries Ltd. 3. Shauma Vanijya Pratishthan Ltd. 4. Williamson Magor & Co.Ltd. 5. Mysore Cements Ltd. 6. Manjushree Plantations Ltd. 7. Woodside Parks Ltd. 8. Kilburn Engineering Ltd. 9. Khaitan & Co.Consulting Ltd. 10. Hamilton Research & Technology Pvt.Ltd. 11. Time Leverage Instruments (P) Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member : Nil	Member : 1. Audit Committee 2. Remuneration Committee 3. Shareholders/Investors Grievance Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director		
(a) Audit Committee	Nil	1. Williamson Magor & Co.Ltd.
(b) Remuneration Committee	Nil	1. Williamson Magor & Co.Ltd.
(c) Shareholders/ Investors Grievance Committee	Nil	1. Williamson Magor & Co.Ltd. 2. Manjushree Plantations Ltd.

KILBURN CHEMICALS LTD.**DIRECTORS' REPORT**

Your Directors take immense pleasure in presenting the 15th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	<u>2004-05</u>	<u>2003-04</u>
Turnover (Net)	5452.14	4593.78
Gross Profit (PBIDT)	1136.00	937.82
Interest	195.97	255.29
Depreciation for the year	213.56	209.02
Profit Before Tax (PBT)	726.47	473.51
Provision for Income Tax	59.10	37.02
Provision for Deferred Tax	318.86	212.61
Profit After Tax (PAT)	348.51	223.88
Add: Excess provision for Income Tax for earlier Year written back	0.05	—
Add: Surplus/(Loss) brought Forward from Previous year	343.26	318.57
Profit available for Appropriation	691.82	542.45
Transferred to General Reserve	30.00	25.00
Proposed Dividend	176.68	154.41
Dividend Tax	23.09	19.78
Balance carried forward to Next year	462.05	343.26

OPERATIONS

Your Company has maintained satisfactory growth in both the areas of Production & Sales. The net sales turnover at Rs.5452.14 lacs was an increase of 18.70% over the previous year. Gross Profit at Rs.1136 lacs registered a jump of 21% over the previous year and correspondingly Profit Before Tax (PBT) grew by 53.4% over the previous year. PBT during the year was 726.47 lacs against Rs.473.51 lacs in the previous year.

Net Profit after current tax and deferred tax was higher at Rs.348.51 lacs vis-à-vis Rs.223.88 lacs in the previous year.

The increase in Sales Turnover and profitability was achieved inspite of increase in cost of key inputs as also lower unit sales realisation.

Product	Production (in Tonnes)	Sales (in Tonnes)
Anatase Grade		
Titanium Dioxide	8890.000 (6876.000)	8530.400 (7280.275)
Ferrous Sulphate		
Heptha Hydrate	17865.000 (14022.000)	18914.250 (13750.560)

Your Directors are pleased to report to you that the Company's entire production conformed to the quality criteria as applicable to ISI grade. The Company was also able to improve on exports vis-à-vis the previous year.

The Government of India, Ministry of Commerce & Industries (Department of Commerce) has imposed final Anti-dumping Duty on Anatase Grade Titanium Dioxide imports from China vide its notification dated 15th March, 2004 and it continues.

PREFERENCE DIVIDEND

Your Directors recommend the Preference Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2004 to 31st March, 2005 amounting to Rs.43.03 lacs.

EQUITY DIVIDEND

Your Directors are pleased to recommend a Dividend of 18% on the equity shares of Rs.10/- each subject to the approval of the shareholders in the Annual General Meeting.

FUTURE OUTLOOK

Judging the overall economic buoyancy and enhanced demand for the products by the user industries, the Company proposes to implement plans primarily intended to enhance production and change the product-mix with more value-added products. Technological improvements, process innovations and cost reduction exercises have largely improved the competitiveness of the Company both in domestic and export markets. The Company expects to achieve all-round operational efficiencies in the years ahead with

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continued focus on the specific needs of Customers including product quality and bench-marking manufacturing parameters with international standards. Increased thrust on exports is likely to result in higher levels of exports during the year.

ALTERATION IN THE OBJECTS CLAUSE IN THE MEMORANDUM OF ASSOCIATION

Since the Company has been expanding its operations on a continued basis, the Company is exploring further avenues for reducing the cost of production and also implement innovative methods to utilize the utilities of the Company in an economical manner. Setting up of windmill/s for generation of electricity at lower costs is considered prudent for attaining the above objective.

It is also considered beneficial for the Company to explore the possibility of setting up new business in the area of information Technology.

Pursuant to Section 17 and Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal ballot) Rules, 2001, any additions/alterations to the Memorandum of Association requires the approval of the Members by a Special Resolution by means of a Postal Ballot, at the ensuing Annual General Meeting.

DELISTING OF THE COMPANY'S SHARES FROM MADRAS AND CALCUTTA STOCK EXCHANGES

With the wide and extensive networking of centres at BSE, the investors have access to online dealings in the Company's Equity Shares across the Country. Moreover, the Company's Equity Shares are required to be traded only in demat form by all investors.

The trading volumes of the Company's Equity Shares on the Madras and Calcutta Stock exchanges are negligible. The proposed voluntary delisting of the Company's shares from the Madras and Calcutta Stock Exchanges will not affect the shareholders. Pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, it is now proposed to seek the approval of

the shareholders by way of a Special Resolution at the ensuing Annual General Meeting of the Company.

CONSERVATION OF ENERGY

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.

CORPORATE GOVERNANCE

Pursuant to the provisions contained in the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of the Corporate Governance are annexed.

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, 2005, 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.

KILBURN CHEMICALS LTD.**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, 2005, in compliance with the Central Government directives in this regard.

DIRECTORS

Shri Ranjit Chaudhri and Shri Padam Kumar Khaitan 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, State Bank of Travancore, UTI Bank Ltd. and the State Industries Promotion Corporation of TamilNadu 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 : 26th May, 2005

S. K. JALAN
Managing Director

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
2004-2005****Last Year
2003-2004**

1) Electricity :

(a) Purchased :

Units

85,81,992

68,64,120

Total Amount

Rs. 3,75,37,590

Rs.2,96,40,505

Rate/Unit

Rs. 4.37

Rs.4.32

(b) Own Generation :

(i) Through Diesel Generator

Units

5,89,036

16,80,750

Units per litre of Fuel

3.28

2.96

Costs per unit

Rs. 7.31

Rs.5.15

(ii) Through Steam Turbine/Generator

NIL

NIL

2) Coal :

NIL

NIL

3) Furnace Oil :

Quantity (K.Ltrs)

761.070

1916.76

Total Amount

Rs. 83,38,947

Rs.1,97,90,897

Average Rate

Rs. 10,956.87

Rs.10,325.18

4) Others

Fuel Oil for Production :

Quantity (K.Ltrs)

3028.117

2,563.810

Value

Rs. 5,86,75,292

Rs.3,78,83,611

Average Rate

Rs. 19,376.82

Rs.14,776.29

B) Consumption per unit of production :

i) Titanium Dioxide :

a) Power

894 Units

1,082 Units

b) Furnace Oil

86 Litres

279 Litres

c) Fuel Oil

341 Litres

373 Litres

ii) Ferrous Sulphate Heptha Hydrate :

Power

68 units

79 units