



**KILBURN CHEMICALS LTD.**

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**ANNUAL  
REPORT  
AND  
ACCOUNTS  
2007-2008**

**KILBURN CHEMICALS LTD.**

**DIRECTORS**

B. P. JALAN – *Chairman*  
 S. K. JALAN – *Managing Director*  
 V. VANCHI  
 A. D. NANAIYA  
 R. CHAUDHRI  
 A. CHATRATH  
 P. K. BHATTACHARJEE

**PRESIDENT**

P. S. VENKATESH

**BANKERS**

STATE BANK OF TRAVANCORE  
 AXIS 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 18TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held on Monday the 4th day of August, 2008, at The Music Academy, Kasturi Srinivasan Hall, (Mini Hall), New No. 168, (Old No. 306), T.T.K. Road Chennai - 600014 at 10.00 A.M. to transact the following :

**AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 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 Parag Keshar Bhattacharjee 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 with or without modification, the following Resolution as Special Resolution.

"RESOLVED THAT the due date for the redemption of 391220 Nos. of 11% Cumulative Redeemable Preference Shares of Rs.100/- each issued as per the Special Resolution passed in the Annual General Meeting held on 29.12.1998 and to be redeemed at the end of 9th and 10th year from the date of allotment is to be postponed to 20th year subject to the approval of Preference Shareholders."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to exercise the option to redeem the aforesaid Cumulative Redeemable Preference Shares as aforesaid at the end of 20th year from the date of issue or earlier at the sole discretion of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein consented to any committee of directors of the Company to give effect to the aforesaid resolution."

Registered Office :  
New No. 23, Old No. 12,  
Neelakanta Mehta Street,  
T. Nagar,  
Chennai 600 017.  
Dated : 24th June, 2008.

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

**KILBURN CHEMICALS LTD.****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 29th July, 2008 to 4th August, 2008 (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.

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

Shri Ranjit Chaudhri, Director, 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 Parag Keshar Bhattacharjee, Director, 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**

The Company had issued 3,91,220 - 11% Cumulative Redeemable Preference Shares of Rs.100/- each in the year 1999. The said CRPS fall due for redemption in two equal instalments at the end of the 9th & 10th year from the date of issue i.e. 23rd April, 1999. With a view to augment the long term resources of the Company on a sustained basis and in view of the operational circumstances explained earlier in the Directors' Report, it is proposed to extend the date of redemption and redeem the aforesaid CRPS at the end of the 20th year from the date of issue or earlier at the discretion of the Company, subject to consent and approval of the Shareholders.

**KILBURN CHEMICALS LTD.****Details of Directors seeking appointment/reappointment in the Annual General Meeting scheduled to be held on 4th August, 2008**

Name of the Director(s)	Shri. Ranjit Chaudhri	Shri. Parag Keshar Bhattacharjee
Age	42 years	69 years
Date of Appointment	30th June, 2003	29th January, 2007
Expertise in specific Functional Areas	Industrialist	Retired Dy. Managing Director & Chief Financial Officer, State Bank of India
Qualification	Bachelors Degree in Economics from Brandeis University, USA & London School of Economics	M.A. (Economics), CAIIB
List of outside Directorship held	1. Holtzman Systems Ltd. 2. Holtzman International Ltd.	1. SBI Home Finance Ltd. 2. Cheviot Company Ltd. 3. Kanco Enterprises Ltd. 4. Dhanus Technologies Limited 5. Global Investment Trust Ltd. 6. Stesalit Limited 7. Kaushalya Infrastructure Corporation Ltd. 8. Surya Chakra Power Corporation Ltd. 9. M.S.M. Energy Limited 10. Quipo Infrastructure Equipment Ltd.
Chairman / Member of the Committee of the Board of Directors of the Company	Chairman : Audit Committee	Member : Audit Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director		
(a) Audit Committee	NIL	1. Quipo Infrastructure Equipments Ltd. 2. Cheviot Company Ltd 3. SBI Home Finance Ltd. 4. Kanco Enterprises Ltd. 5. SuryaChakra Power Corporation Ltd.
(b) Remuneration Committee	NIL	NIL
(c) Shareholders / Investors Grievance Committee	NIL	NIL

**KILBURN CHEMICALS LTD.****DIRECTORS' REPORT**

Your Directors take immense pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2008.

**FINANCIAL HIGHLIGHTS**

	(Rs. in lacs)	
	2007-08	2006-07
Turnover (Gross)	9,909	7,986
Gross Profit (PBIDT)	1,033	1,399
Interest	289	170
Depreciation for the year	387	313
Profit Before Tax (PBT)	357	916
Provision for Income Tax	64	110
Provision for Deferred Tax	116	111
Net Profit After Tax (PAT)	197	695
Add : Surplus/(Loss) brought forward from previous year	1,421	1,019
Profit available for Appropriation	1,618	1,714
Transferred to General Reserve	50	70
Proposed Dividend	80	192
Dividend Tax	14	32
Balance carried forward to next year	1,474	1,420

**OPERATIONS**

The operations of the Company was seriously impacted during the year. Though the Company was able to sustain its growth on both production and sales, steep increase in price of major input raw materials, especially Sulphuric Acid, put tremendous pressure on operating margin and the profitability for the year was considerably eroded.

Production and sale of Titanium Dioxide quantitatively increased by 9.98% and 8.95% respectively over the previous year. Net Sales revenue grew by 22.41% over the previous year from Rs.7076.19 lacs to Rs.8661.92 lacs and this was possible on account of both higher volumes and selling price increase. About 24.10% of the Company's production of Anatase Grade Titanium Dioxide was exported during the year to developed global markets. Besides, 2939 MT of Ferrous Sulphate constituting about 12.86% of the total sales was also exported during the year.

Product	Production (in Tonnes)	Sales (in Tonnes)
Anatase Grade Titanium Dioxide	12145.000 (11043.000)	12092.801 (11099.781)
Ferrous Sulphate Heptha-hydrate	22401.000 (20763.000)	22849.050 (19307.900)

Continued steep increase in price of Sulphur resulted in abnormal price increase of Sulphuric Acid, one of the major raw material of input. Besides, there was substantial increase in price of other inputs like scrap iron, furnace oil etc. These increases adversely impacted operating margins on both domestic and export sales. The selling price of Anatase Grade Titanium Dioxide could not be increased and passed on due to severe competition from the Rutile Grade Titanium Dioxide produced by the Chloride route. Consequently, the profit before interest, depreciation and tax (PBIDT) fell to Rs.1033 lacs vis-a-vis Rs.1399 lacs for the previous year and consequently Profit Before Tax (PBT) came down to Rs.357 lacs from Rs.916 lacs in 2006-07.

**PREFERENCE DIVIDEND**

Your Directors recommend Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2007 to 31st March, 2008 amounting to Rs.43.03 lacs.

**EQUITY DIVIDEND**

Due to severe pressure on profits during the year, the Directors are constrained to recommend a lower Dividend of 5% on the Equity Shares of Rs.10/- each subject to the approval of the shareholders in the Annual General Meeting.

**FUTURE OUTLOOK**

The demand for Titanium Dioxide is likely to remain buoyant due to growth projected in the major User Industries like Paint, Plastic, Paper, Rubber etc. However, the supply situation of Anatase Grade Titanium Dioxide based on the Sulphate process remains uncertain in both the domestic and global markets due to continuing price increase of Sulphuric Acid. Besides, various plants worldwide are in the midst of re-structuring and some on the verge of closure. This throws up attractive export opportunities to the Company provided the Sulphuric Acid price come down to manageable levels.

**KILBURN CHEMICALS LTD.**

Due to aforesaid uncertainties and turmoil in the industry, the Company is going slow on the planned investment for doubling production capacity as reported in the earlier year. Your Company is a low-cost pigment producer and this could prove a definite advantage for addressing the surging export demand in future. Your Company is bench-marking the manufacturing parameters to international practices to ensure product quality of global standards. The company continues to pursue R&D aggressively oriented towards process improvements, cost reductions and new value-added products, to improve its competitiveness.

**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, 2008, 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.

**EXTENSION OF REDEMPTION OF CUMULATIVE REDEEMABLE PREFERENCE SHARES (CRPS)**

The Company had issued 3,91,220 - 11% Cumulative Redeemable Preference Shares of Rs.100/- each in the year 1999. The said CRPS fall due for redemption in two equal instalments at the end of the 9th & 10th year from the date of issue i.e. 23rd April, 1999. With a view to augment the long term resources of the Company on a sustained basis and in view of the operational circumstances explained earlier in this report, it is proposed to extend the date of redemption and redeem the aforesaid CRPS at the end of the 20th year from the date of issue or earlier at the discretion of the Company, subject to consent and approval of the Shareholders.

**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, 2008, in compliance with the Central Government directives in this regard.

**DIRECTORS**

Shri Ranjit Chaudhri and Shri Parag Keshar Bhattacharjee 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.

**PARTICULARS OF EMPLOYEES**

Industrial relations in the Company continued to be cordial and satisfactory. A Statement pursuant to the provisions of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure "B".

**ACKNOWLEDGEMENT**

Your Directors are grateful for the co-operation and continued guidance and support extended by Industrial Development Bank of India Ltd., State Bank of Travancore, Axis Bank Ltd., TamilNad Mercantile Bank Ltd. 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 express their gratitude to all the Shareholders for their unstinted support.

For and on behalf of the Board  
Place : Kolkata, S. K. JALAN  
Date : 24th June, 2008 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  
2007-2008Last Year  
2006-2007

## 1) Electricity :

## a) Purchased :

Units

95,65,814

67,44,061

Total Amount

Rs.4,34,06,080

Rs.3,10,12,879

Rate/Unit

Rs.4.54

Rs.4.60

## b) Own Generation :

## (i) Through Diesel Generator

Units

6,42,204

4,13,299

Units per litre of Fuel

3.42

3.31

Cost per Unit

Rs.9.73

Rs.8.41

## (ii) Through Steam

Turbine/Generator (Units)

47,96,866

49,52,769

## 2) Coal :

Quantity (MT)

8190.000

NIL

Total Amount

Rs.2,97,41,115

NIL

Average Rate

Rs.3631.39

NIL

## 3) Furnace Oil/Kerosene :

Quantity (K.Ltrs.)

4468.902

4328.585

Total Amount

Rs.8,48,13,982

Rs.7,42,35,394

Average Rate

Rs.18,978.71

Rs.17,150.04

## 4) Others :

Firewood :

Quantity (MT)

3297.980

11,068.360

Total Amount

Rs.54,90,219

Rs.2,17,65,599

Average Rate

Rs.1,664.72

Rs.1,966.47

## B) Consumption per unit of production :

## i) Titanium Dioxide :

a) Power

974 Units

870 Units

b) Furnace Oil/Kerosene

368 Litres

392 Litres

c) Fire Wood

0.272 Tonne

1 Tonne

d) Coal

0.674 Tonne

NIL

## ii) Ferrous Sulphate Heptha Hydrate

Power

142 Units

121 Units



## ANNEXURE "B"

Statement required to be furnished under Section 217(2A) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 and read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year 2007-2008

1. Employee of the Company who was employed throughout the year and in receipt of remuneration which in the aggregate was not less than Rs.24 lacs per annum.

Sl. No.	Name of the Employee	Designation/ Nature of Duties	Remuneration including benefits (Rs.)	Qualifications	Experience in Employment (in years)	Date of commencement of Employment	Last Employment held designation and organisation	Age (Years)
1.	Shri Sandeep Kumar Jalan	Managing Director	Rs.33,59,087/-	B. Com., M.B.A. (USA)	22	14.11.2000	Chairman & Managing Director - Kilburn Reprographics Ltd.	45

The Employment is contractual for a period of 3 years.

## KILBURN CHEMICALS LTD.

## REPORT ON CORPORATE GOVERNANCE

### (Pursuant to Clause 49 of the Listing Agreement)

**A. MANDATORY REQUIREMENTS****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company firmly believes in transparency, professionalism and accountability in its dealings and lays emphasis on integrity and compliance of regulatory provisions and has constantly endeavoured to practice good Corporate Governance. The above policies adopted by the Company recognize 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 the Securities & Exchange Board of India.

**2. BOARD OF DIRECTORS**

The Board of Directors of your Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance management, legal and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49(1)(A) of the Listing Agreement.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

The composition, status, attendance at the Board Meetings and the last Annual General Meeting (AGM), outside Directorships and other Board Committees as at 31st March, 2008 is as under :

Name of the 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 Ltd.)		Number of Board Meetings		Whether attended last A.G.M.
		Board	Committee	Held during the year	Attended during the year	
Shri B.P. Jalan	Non Executive Chairman	5	—	6	6	No
Shri S.K. Jalan	Executive Managing Director	10	1	6	6	Yes
Shri V. Vanchi	Non Executive Director	7	1	6	6	Yes
Shri A.D. Nanaiya	Non Executive Independent Director	1	—	6	3	Yes
Shri Ranjit Chaudhri	Non Executive Independent Director	2	—	6	6	Yes
Shri Anand Chatrath	Non Executive Independent Director	1	2	6	6	No
Shri Parag Keshar Bhattacharjee	Non Executive Director	10	5	6	6	No

Six Board Meetings were held on 15-06-07; 27-07-07; 31-10-07; 07-01-08; 29-01-08 & 11-03-08 during the year.