



KILBURN CHEMICALS LTD.

**ANNUAL
REPORT
AND
ACCOUNTS
2008-2009**

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

**REGISTRARS &
 SHARE TRANSFER AGENTS**

MAHESHWARI DATAMATICS PVT. LTD.
 6, MANGOE LANE, 2ND FLOOR
 KOLKATA - 700 001
 PHONE NO. : (033) - 22435809 / 5029
 FAX NO. : (033) - 2248-4787
 EMAIL : mdpl@cal.vsnl.net.in

KILBURN CHEMICALS LTD.**NOTICE FOR THE 19TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 19th Annual General Meeting of the Company will be held on Monday the 14th day of September, 2009, at "The Music Academy", Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No. 306), T.T.K. Road, Chennai 600 014 at 10.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, 2009 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 Mr. B. P. Jalan who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr. A. D. Nanaiya 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 an Ordinary Resolution.

"RESOLVED THAT subject to provisions required by Schedule XIII of the Companies Act 1956, the Company hereby approves the re-appointment of Mr. S. K. Jalan as the Managing Director of the Company for a further period of 3 years effective from 14th November, 2009 on terms and conditions enumerated in the explanatory statement"

Registered Office :
New No. 23, Old No. 12,
Neelakanta Mehta Street,
T. Nagar,
Chennai 600 017.
Dated : 20th July, 2009.

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 8th September, 2009 to 14th September, 2009 (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**

Mr. B. P. Jalan 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

Mr. A. D. Nanaiya, 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

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 the meeting held on 20th July, 2009 has reappointed Mr. S. K. Jalan as the Managing Director of the Company for a further period of 3 years effective from 14th November, 2009 subject to the approval of the members in the ensuing annual General Meeting.

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

SALARY

Rs.2,75,000/-per month with such revision as the Board may approve from time to time in the Salary grade of Rs.2,75,000/- to Rs.3,75,000/-

PERQUISITIES & ALLOWANCES :

In addition to the above remuneration, Mr. S. K. Jalan shall also be entitled to perquisites and allowances like furnished accommodation, house, maintenance allowance together with reimbursement of expenses or utilities such as gas, electricity, water furnishings, and repairs, medical reimbursement, leave travel concession for self and family as per the rules of the Company. Club Fees, medical / personal accident insurance, Leave encashment, benefits of provident fund, gratuity fund, Car, telephone etc. and such other perquisites and allowances as may be agreed to by the Board of Directors and Mr. S. K. Jalan.

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 the salary.

KILBURN CHEMICALS LTD.**COMMISSION :**

Such Commission of the net profits, as may be agreed upon by the Board of Directors and Mr. S. K. Jalan, for each financial year or part thereof, subject to the condition that the total remuneration i.e. salary, perquisites and commission in any one financial year shall not exceed the limits prescribed or as may be prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956, as may be for the time being in force.

Mr. S. K. Jalan and Mr. B. P. Jalan are concerned or interested in the re-appointment of Mr. S. K. Jalan as the Managing Director 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.

**Details of Directors seeking appointment/reappointment in the
Annual General Meeting scheduled to be held on 14th September, 2009**

Name of the Director(s)	Mr. B.P. Jalan	Mr. A.D. Naniaya
Age	71 years	71 years
Date of Appointment	29th January, 2007	30th January, 1992
Expertise in specific Functional Areas	Industrialist	Business Executive
Qualification	B.A. (Hons.) (Economics)	B.Sc
List of outside Directorship held	1. The Scottish Assam (India) Ltd. 2. Kilburn Software Technologies India Ltd. 3. Shree Durga Agencies Limited 4. Buckingham Financial Services Ltd.	Kilburn Office Automation Ltd.
Chairman / Member of the Committee of the Board of Directors of the Company	Nil	Member : 1. Audit Committee 2. Remuneration Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director		
(a) Audit Committee	NIL	NIL
(b) Remuneration Committee	NIL	NIL
(c) Shareholders / Investors Grievance Committee	NIL	NIL

KILBURN CHEMICALS LTD.**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 19th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2008-09	2007-08
Turnover (Gross)	11,082	9,909
Gross Profit (PBITD)	952	1,033
Interest	420	289
Depreciation for the year	408	387
Profit Before Tax (PBT)	124	357
Provision for Income Tax	62	44
Provision for Deferred Tax	(131)	116
Net Profit After Tax (PAT)	193	197
Add : Surplus/(Loss) brought forward from previous year	1,474	1,421
Profit available for Appropriation	1,667	1,618
Transferred to General Reserve	50	50
Proposed Dividend	80	80
Dividend Tax	14	14
Balance carried forward to next year	1,523	1,474

OPERATIONS

The operations of the company continued to be impacted for most part of the year due to abnormal steep price increases of Sulphuric acid, one of the major raw material of input for Titanium Dioxide by the Sulphate process. This price increase coupled with the availability of other substitute pigments (basically Rutile Grade Titanium Dioxide) put severe pressure on the operating margins. The profitability of the company thus considerably eroded during the year.

The company consciously cut production to contain the losses. Production and Sales of Titanium Dioxide during the year were 10.02% and 11.46% lesser compared to the previous year. About 14.83% of the company revenues came from exports. The company was successful to export both its products Anatase Grade Titanium Dioxide and Ferrous Sulphate Hepta Hydrate to U.S. and other South-East Asian markets and the export revenues aggregated Rs. 16.23 crores.

Product	Production (in Tonnes)	Sales (in Tonnes)
Anatase Grade Titanium Dioxide	10928.000 (12145.000)	10706.593 (12092.801)
Ferrous Sulphate Hepta-hydrate	21487.000 (22401.000)	23960.300 (22849.050)

Gross turnover of the company grew to Rs.110.82 crores from Rs.99.09 crores in the previous year due to increase in selling prices consequent to higher costs of production. Profit before interest, depreciation and tax (PBITD) however fell to Rs.9.52 crores from Rs.10.33 crores in the previous year and consequently net Profit After Tax (PAT) declined to Rs.1.93 crores from Rs.1.97 crores in 2007-08.

PREFERENCE DIVIDEND

Your Directors recommend Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2008 to 31st March, 2009 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 shareholders in the Annual General Meeting.

FUTURE OUTLOOK

Due to adverse impacts of the global melt - down and recessionary trends in the economy, the buoyancy in the demand for Titanium Dioxide pigment was temporarily affected. However, the scenario has changed for the better from beginning of the current year and major user industries like Paints, Plastics, Paper and Rubber etc. are showing signs of resurgence. Further the price of Sulphuric Acid has come down to realistic levels. Besides, some of the Sulphate based plants world-wide have closed down throwing up export opportunities for both Titanium Dioxide (Anatase) and Ferrous Sulphate Hepta Hydrate.

KILBURN CHEMICALS LTD.

With improving market conditions, the company has re-activated its expansion project which was put on hold, as reported in the previous year. Your company is a low-cost producer of both TiO₂ and FSH and this could prove to be a definite advantage to combat competition both in the domestic and export markets. Your company is also pursuing R&D aggressively and has come with customized value-added products for important applications which will help to improve its competitiveness and viability.

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. Further, the Company's project for installation of Wind Turbine Generators has got the registration with the United Nations Framework Convention on Climate Change (UNFCCC) on 21st April 2009 and the company will start getting the eligible benefits under the Certified Emission Reduction (CER) scheme in future.

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, 2009, 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 Mr. 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, 2009, in compliance with the Central Government directives in this regard.

DIRECTORS

Mr. B. P. Jalan and Mr. A. D. Naniaya 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 : 20th July, 2009 *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 2008-2009	Last Year 2007-2008
1) Electricity :		
a) Purchased :		
Units	6127813	9565814
Total amount	Rs.2,96,65,530	Rs.4,34,06,080
Rate/unit	Rs.4.84	Rs.4.54
b) Own Generation :		
(i) Through Diesel Generator		
Units	3130604	642204
Units per litre of Fuel	3.65	3.42
Cost per Unit	Rs.10.46	Rs.9.73
(ii) Through Steam		
Turbine/Generator (Units)	4418587	4796866
2) Coal :		
Quantity (MT)	7047.000	8190.000
Total Amount	Rs.3,40,69,504	Rs.2,97,41,115
Average Rate	Rs.4834.61	Rs.3631.39
3) Furnace Oil/Kerosene :		
Quantity (K.Ltrs)	4201.566	4468.902
Total Amount	Rs.9,78,59,636	Rs.8,48,13,982
Average Rate	Rs.23291.23	Rs.18978.71
4) Others :		
Firewood:		
Quantity (MT)	4462.31	3297.980
Total Amount	Rs.1,57,90,653	Rs.54,90,219
Average Rate	Rs. 3538.67	Rs.1664.72
B) Consumption per unit of production:		
i) Titanium Dioxide		
a) Power	1027 Units	974 Units
b) Furnace Oil/Kerosene	384 Litres	368 Litres
c) Fire Wood	0.408 Tonne	0.272 Tonne
d) Coal	0.645 Tonne	0.674 Tonne
ii) Ferrous Sulphate Hepta Hydrate		
Power	119 Units	142 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 2008-2009.

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.	Mr. Sandeep Kumar Jalan	Managing Director	Rs.34,55,804/-	B. Com., M.B.A. (USA)	23	14.11.2000	Chairman & Managing Director - Kilburn Reprographics Ltd.	46

The Employment is contractual for a period of 3 years.

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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, 2009 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	
Mr. B. P. Jalan	Non Executive Chairman	4	—	4	4	No
Mr. S. K. Jalan	Executive Managing Director	9	1	4	4	Yes
Mr. V. Vanchi	Non Executive Director	7	1	4	4	Yes
Mr. A. D. Nanaiya	Non Executive Independent Director	1	—	4	2	No
Mr. Ranjit Chaudhri	Non Executive Independent Director	2	—	4	4	Yes
Mr. Anand Chatrath	Non Executive Independent Director	1	3	4	4	No
Mr. Parag Keshar Bhattacharjee	Non Executive Independent Director	10	5	4	3	No

Four Board Meetings were held on 24-06-2008; 28-07-2008; 31-10-2008 & 29-01-2009 during the year.