



KILBURN CHEMICALS LTD.

**ANNUAL
REPORT
AND
ACCOUNTS
2009-2010**

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
ADMINISTRATION**

A-81 SIPCOT INDUSTRIAL COMPLEX
MILAVITTAN
THOOTHUKKUDI - 628 002

**REGISTRARS &
SHARES 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

NOTICE FOR THE 20TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 20th Annual General Meeting of the Company will be held on Thursday, the 30th day of September, 2010, at "The Music Academy", Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), T.T.K. Road, Chennai 600 014 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, 2010 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. V. Vanchi who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr. Anand Chatrath, who retires by rotation and being eligible, offers himself for re-election.

AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of the section 225(1) and applicable provisions, if any, of the Companies Act, 1956 M/s G. P. Kejriwal & Associates, Chartered Accountants (Firm Registration No. FRN 302201E) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company."

Registered Office :
New No. 23, Old No.12
Neelakanta Mehta Street
T. Nagar
Chennai - 600 017
Dated : 6th August, 2010

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 24th September, 2010 to 30th September, 2010 (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.

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.3

Mr. V. Vanchi, 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. Anand Chatrath 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.

KILBURN CHEMICALS LTD.**Details of Directors seeking appointment/reappointment in the Annual General Meeting scheduled to be held on 30th September, 2010.**

Name of the Director(s)	Mr. V. Vanchi	Mr. Anand Chatrath
Age	63 years	51 years
Date of Appointment	30th January, 1992	29th January, 2007
Expertise in specific Functional Areas	Professional with over 41 years experience in projects, finance & general management	Chartered Accountant
Qualification	B.M.E. (Hons) D.C.M.	B.Com., F.C.A.
List of outside Directorship held	1. Kilburn Office Automation Ltd. 2. The Scottish Assam India Ltd. 3. Nirvan Commercial Company Ltd. 4. Sandeep Investments Ltd. 5. Kilburn Software Technologies India Ltd. 6. Smart Card Techno Services Pvt. Ltd.	1. Nicco Park & Resorts Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member : 1. Shareholders' / Investors Grievance Committee	Chairman : 1. Audit Committee 2. Shareholders'/Investors Grievance Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director		
(a) Audit Committee	NIL	Chairman Nicco Park & Resort Ltd.
(b) Remuneration Committee	NIL	NIL
(c) Shareholders/ Investors Grievance	Member Kilburn Office Automation Ltd.	Chairman Nicco Park & Resort Ltd.

KILBURN CHEMICALS LTD.**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 20th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2009-10	2008-09
Turnover (Gross)	11,154	11,082
Gross Profit (PBITD)	1,622	952
Interest	492	420
Depreciation for the year	461	408
Profit Before Tax (PBT)	669	124
Provision for Income Tax	73	62
Provision for Deferred Tax	254	(131)
Net Profit After Tax (PAT)	342	193
Add : Surplus/(Loss) brought forward from previous year	1,523	1,474
Profit available for Appropriation	1,865	1,667
Transferred to General Reserve	50	50
Proposed Dividend	117	80
Dividend Tax	20	14
Balance carried forward to next year	1,678	1,523

OPERATIONS

After a difficult patch of two financial years, the Company was able to register a much improved performance during the year ended 31st March'10. Both production and sales of Titanium Dioxide registered healthy growth of 14% & 16.17% respectively. The quantity of sales of Ferrous Sulphate Hepta-Hydrate also registered a growth of 8.36% over the previous year. About 21% of the Company's revenues came from exports. The Company was successful to maintain its export competitiveness and was successful to export both its products, Anatase Grade Titanium Dioxide & Ferrous Sulphate Hepta-Hydrate to US, Europe and other South East Asian markets and the export revenues aggregated Rs. 21.65 crores, which was an increase of about 35% over the previous year.

Product	Production (In Tonnes)	Sales (In Tonnes)
Anatase Grade Titanium Dioxide	12460.000 (10928.000)	12438.550 (10706.593)
Ferrous Sulphate Hepta Hydrate	26330.000 (21487.000)	25692.700 (23960.300)

Gross turnover of the Company improved marginally to Rs. 111.54 crores from Rs. 110.82 crores in the previous year due to pressure on selling prices consequent to increase in competition both from domestic and import sources. Profit Before Interest, Depreciation & Tax (PBITD) registered a healthy growth of over 70% at Rs. 16.22 crores as against Rs. 9.52 crores in the previous year. Consequently Profit Before Tax (PBT) posted an increase of over 440% over the previous year. However, the net Profit After Tax (PAT) at Rs. 3.40 crores was higher by 77.2% only over the previous year due to high provision for Deferred Tax.

Your Directors are pleased to inform that during the year under review, the Company successfully installed and commissioned one more Wind Turbine Generator of 1.5 MW capacity within the State of Tamil Nadu. Besides energy conservation and tax saving, this investment will result in lower power costs in future.

PREFERENCE DIVIDEND

Your Directors recommend Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2009 to 31st March, 2010 amounting to Rs. 43.03 lacs.

EQUITY DIVIDEND

Your Directors are pleased to recommend a Dividend of 10% 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 Anatase Grade Titanium Dioxide which was impacted in the previous years due to the global melt down, started showing signs of recovery during the year. This recovery is likely to be sustained during the current year due to the ambitious growths projected by major consuming

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industries like paints; plastics, rubber, paper etc. The primary concern of the Company is in the area of containing the costs of major inputs like Ilmenite, Sulphuric Acid etc. which have been erratic and volatile in the recent few years.

Your Company is a low cost pigment producer and this will definitely help in being competitive and catering to the demand in export markets in future. The Company is working on various CAPEX plans primarily to achieve reduction in running costs, improving product quality and bench-marking manufacturing parameters with international standards. The Company also plans to add further value-added products in the coming years.

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, 2010, 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, 2010, in compliance with the Central Government directives in this regard.

DIRECTORS

Mr. V. Vanchi and Mr. Anand Chatrath 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 TamilNadu 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 : 6th August, 2010

Managing Director

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FORM - A

(See Rule 2)

Disclosure of particulars with respect to conservation of energy

A) Power and Fuel Consumption :	Current Year 2009-2010	Last Year 2008-2009
1) Electricity :		
a) Purchased :		
Units	5186448	6127813
Total amount	Rs. 2,96,41,580	Rs. 2,96,65,530
Rate/unit	Rs. 5.72	Rs. 4.84
b) Own Generation :		
(i) Through Diesel Generator		
Units	3847498	3130604
Units per litre of Fuel	3.44	3.65
Cost per Unit	Rs. 9.92	Rs. 10.46
(ii) Through Steam	-	
Turbine/Generator (Units)	5844217	4418587
2) Coal :		
Quantity (MT)	13785.900	7047.000
Total Amount	Rs. 7,74,24,281	Rs. 3,40,69,504
Average Rate	Rs. 5616.19	Rs. 4834.61
3) Furnace Oil/Kerosene:		
Quantity (K.Ltrs.)	4116.930	4201.566
Total amount	Rs. 9,06,59,614	Rs. 9,78,59,636
Average Rate	Rs. 22021.17	Rs. 23291.23
4) Others:		
Firewood:		
Quantity (MT)	1544.400	4462.310
Total Amount	Rs. 51,04,196	Rs. 1,57,90,653
Average Rate	Rs. 3304.97	Rs. 3568.67
B) Consumption per unit of production:		
i) Titanium Dioxide		
a) Power	1056 Units	1027 Units
b) Furnace Oil/Kerosene	330 Ltrs.	384 Ltrs.
c) Fire Wood	0.124 Tonne	0.408 Tonne
d) Coal	1.106 Tonne	0.645 Tonne
ii) Ferrous Sulphate Hepta Hydrate		
Power	105 Units	119 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 2009-2010

- 1) Employees 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 benefit (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.35,17,327/-	B. Com., M.B.A. (USA)	24	14.11.2000	Chairman & Managing Director - Kilburn Reprographics Ltd.	47

The Employment is contractual for a period of 3 years.

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, 2010 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	—	6	6	No
Mr. S. K. Jalan	Executive Managing Director	7	1	6	5	Yes
Mr. V. Vanchi	Non Executive Director	5	1	6	6	Yes
Mr. A. D. Nanaiya	Non Executive Independent Director	1	—	6	1	No
Mr. Ranjit Chaudhri	Non Executive Independent Director	2	—	6	6	Yes
Mr. Anand Chatrath	Non Executive Independent Director	1	2	6	4	No
Mr. Parag Keshar Bhattacharjee	Non Executive Independent Director	8	4	6	5	No

Six Board Meetings were held on 27.04.2009, 20.07.2009, 17.09.2009, 28.10.2009, 04.01.2010 and 27.01.2010 during the year.