



KILBURN CHEMICALS LTD.

**ANNUAL
REPORT
AND
ACCOUNTS
2010-2011**

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

**REGISTRAR &
SHARE TRANSFER AGENT**

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 21ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting of the Company will be held on Monday, the 19th day of September, 2011, at Narada Gana Sabha (Mini Hall), 314, T. T. K. Road, Alwarpet, Chennai 600018, at 3.30 p.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, 2011 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.

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 re-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 : 30th May, 2011

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 13th September, 2011 to 19th September, 2011 (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

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.

KILBURN CHEMICALS LTD.**Directors seeking appointment/re-appointment in the Annual General Meeting scheduled to be held on 19th September, 2011.**

Name of the Director(s)	Shri.Ranjit Chaudhri	Shri Parag Keshar Bhattacharjee
Age	45 years	72 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 & the London School of Economics	M.A (Economics), CAIIB
List of outside Directorship held	1. Holtzman Systems Ltd. 2. Holtzman international Ltd.	1. Kanco Enterprises Ltd. 2. Cheviot Company Ltd. 3. Quipo Telecom Infrastructure Ltd. 4. Stesalit Limited 5. M.S.M. Energy Limited 6. Global Invesment Trust Ltd. 7. Kaushalya Infrastruture 8. Srei Mutual Fund Trust Pvt Ltd. 9. Suryachakra Power Corporation Ltd. 10. Stesalit System 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. Kanco Enterprises Ltd 2. Cheviot Company Ltd 3. Suryachakra Power Corporation Ltd
(b) Remuneration Committee	NIL	NIL
(c) Shareholders/ Investors Grievance Committee	NIL	NIL

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 21st Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2011

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2010-11	2009-10
Turnover (Gross)	12538	11154
Gross Profit (PBIDT)	1671	1622
Interest	467	492
Depreciation for the year	495	461
Profit Before Tax (PBT)	709	669
Provision for Income Tax	127	73
Provision for Deferred Tax	6	254
Net Profit After Tax (PAT)	575	342
Add : Surplus/(Loss) brought forward from previous year	1678	1523
Profit available for Appropriation	2253	1865
Transfer to Preference Share Capital Redemption Reserve	117	–
Transfer to General Reserve	50	50
Proposed Dividend	117	117
Dividend Tax	19	20
Balance carried forward to next year	1950	1678

OPERATIONS

The Company's production during the year was severely impacted due to non-availability of adequate power and water supply. Though the Company endeavoured to sustain production by buying power and renting D.G. Sets, the overall production of Anatase Grade Titanium Dioxide during the year was lower by over 8% compared to the previous year. Besides, non-availability of these utilities resulted in high operating costs and hurt operating margins.

Product**Production**
(In Tonnes)**Sales**
(In Tonnes)

Anatase Grade Titanium Dioxide	11441.00 (12460.00)	11776.025 (12438.550)
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Ferrous Sulphate Hepta Hydrate	29697.00 (26330.00)	20545.200 (25692.700)
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Aided by higher unit sales realization, the gross Turnover of the Company however registered about 12.5% increase over the previous year. A gross turnover of Rs.125.38 crores was achieved compared to Rs.111.54 crores in the previous year. The profit before interest, depreciation and tax (PBIDT) was marginally higher at Rs.16.71 crores as against Rs.16.22 crores in the previous year. Profit before tax (PBT) was 6% higher at Rs.7.09 crores vis-à-vis Rs.6.69 crores in the previous year. However, the net Profit after Tax at Rs.5.76 crores registered a substantial rise of 68.42% over the previous year due to lower provision for Deferred Tax.

Your Directors are pleased to inform that during the year, the Company was able to get the ISO 9001 : 2008 Certification.

PREFERENCE DIVIDEND

Your Directors recommend Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2010 to 31st March, 2011 amounting to Rs.42.93 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 Titanium Dioxide Pigments continue to be encouraging due to ambitious growth plans of the major consuming industries like Paints, Plastic, Rubber, Paper etc. However, the Company is deeply concerned with regard to availability and pricing of its major raw materials of input, viz. Ilmenite and Sulphuric Acid. Both availability and pricing of these basic raw materials has been volatile and erratic in the recent years. Furthermore, supplies of Ilmenite from the public sector

KILBURN CHEMICALS LTD.

undertaking, M/s. Indian Rare Earths Ltd., with whom it has a tie-up arrangement, has been dropping continuously and is proving to be a major cause of concern.

Your Company is a low-cost pigment producer and this will definitely help in being competitive in the export markets in time to come. Your Company is also pursuing R&D on routine basis and has been able to come up with customized value added products for specific 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.

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, 2011, 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, 2011, 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 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 support.

For and on behalf of the Board,
Place : Kolkata **S. K. JALAN**
Date : 30th May, 2011 *Managing Director*

www.kilburnchemicals.com

FORM – A

(See Rule 2)

Disclosure of particulars with respect to conservation of energy

A) Power and Fuel Consumption :	Current Year 2010-2011	Last Year 2009-2010
1) Electricity :		
a) Purchased :		
Units	3515810	5186448
Total amount	Rs. 2,29,16,534	Rs. 2,96,41,580
Rate/unit	Rs. 6.52	Rs. 5.72
b) Own Generation :		
(i) Through Diesel Generator		
Units	2928512	3847498
Units per litre of Fuel	3.92	3.44
Cost per Unit	Rs. 11.57	Rs. 9.92
(ii) Through Steam	—	—
Turbine/Generator (Units)	1068780	1035260
(iii) Wind Power (Unit)	7245558	5844217
2) Coal :		
Quantity (MT)	12948.60	13785.90
Total Amount	Rs. 7,27,32,300	Rs. 7,74,24,281
Average Rate	Rs. 5,617.00	Rs. 5,616.19
3) Furnace Oil/Kerosene:		
Quantity (K.Ltrs.)	4261.068	4116.930
Total amount	Rs. 1,08,31,83,967	Rs. 9,06,59,614
Average Rate	Rs. 25,420.48	Rs. 22,021.17
4) Others:		
Firewood:		
Quantity (MT)	493.55	1544.40
Total Amount	Rs. 16,74,850	Rs. 51,04,196
Average Rate	Rs. 3,393.48	Rs. 3,304.97
B) Consumption per unit of production:		
i) Titanium Dioxide		
a) Power	1046 Units	1056 Units
b) Furnace Oil/Kerosene	372 Ltrs.	330 Ltrs.
c) Fire Wood	0.043 Tonne	0.124 Tonne
d) Coal	1.132 Tonne	1.106 Tonne
ii) Ferrous Sulphate Hepta Hydrate		
Power	94 Units	105 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 2010-2011

- 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.37,90,559/-	B. Com., M.B.A. (USA)	25	14.11.2000	Chairman & Managing Director - Kilburn Reprographics Ltd.	48

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, 2011 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	7	—	4	4	No
Mr. S. K. Jalan	Executive Managing Director	7	1	4	4	Yes
Mr. V. Vanchi	Non Executive Director	5	1	4	4	Yes
Mr. A. D. Nanaiya	Non Executive Independent Director	1	—	4	3	No
Mr. Ranjit Chaudhri	Non Executive Independent Director	2	—	4	4	No
Mr. Anand Chatrath	Non Executive Independent Director	1	2	4	4	No
Mr. Parag Keshar Bhattacharjee	Non Executive Director	9	3	4	4	No

Four Board Meetings were held on 10.05.2010, 06.08.2010, 02.11.2010 and 07.01.2011 during the year