



KILBURN CHEMICALS LTD.

**ANNUAL
REPORT
AND
ACCOUNTS
2011-2012**

DIRECTORS

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

BANKERS

STATE BANK OF TRAVANCORE
AXIS BANK LIMITED
HDFC 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

CORPORATE OFFICE

“SHANTINIKETAN”, 16TH FLOOR
8, CAMAC STREET
KOLKATA 700 017

**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 22ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Company will be held on Monday, the 24th day of September, 2012, at Narada Gana Sabha (Mini Hall), 314, T. T. K. Road, Alwarpet, Chennai 600018, at 11.00 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, 2012 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. B.P. Jalan who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Shri. A.D. Nanaiya, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint M/s. G. P. Kejriwal & Associates, Chartered Accountants, Kolkata as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize 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 from 14th November, 2012 to 13th November, 2015 on terms and conditions enumerated in the explanatory statement.

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

“RESOLVED THAT in supersession of the resolution passed at the General Meeting of the Company held on 4th September, 1997 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors borrowing any sum or sums of money from time to time from any one or more of the Company's Bankers and /or from any one or more other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advances or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work –in-process and all or any of the undertakings of the company notwithstanding that the moneys to be borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up-capital of the Company and its free reserves, that is to say, not set apart for any specific purpose but,

so, however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 250 Crores (Rupees two hundred fifty crores only) exclusive of interest, and the Directors are hereby authorized to execute such deeds of debentures and debentures trust deeds or mortgages, charge, hypothecation, lien, Promissory Notes, deposit receipt and other deeds and instruments or writings as they may think fit and containing any covenants as the Directors may think fit.”

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

“RESOLVED THAT in addition to the existing mortgages and charges, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956, and other applicable provisions, if any, to the Board of Directors of the Company for mortgaging and/or charging the whole or substantially the whole of the Company’s undertaking or any part thereof including present and future properties whether movable or immovable to or in favour of the lenders including debenture holders or their agents and trustees for securing any loan, debenture or any other borrowing, provided that total amount secured including amount already secured, at any point of time shall not be in excess of Rs.250 Crores (Rupees two hundred fifty crores only).”

Registered Office:
New No.23, Old No.12,
Neelakanta Mehta Street,
T. Nagar,
Chennai - 600 017.
Dated: 12th July, 2012

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 18th September, 2012 to 24th September, 2012 (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.6

In view of the continuing growth and complexities of the Company's operation 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 12th July, 2012 has re-appointed Mr. S.K. Jalan as the Managing Director of the Company for a further period of 3 years effective from 14th November, 2012 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.3,00,000/- 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/-.

PERQUISITES & ALLOWANCES

In addition to the above remuneration, Mr. S.K. Jalan shall also be entitled to perquisites and allowances like furnished accommodation, house, and maintenance allowance together with reimbursement of expenses or utilities such as gas, electricity, water furnishings, 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.

COMMISSION

Such commission on 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 other 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

The members authorized the Board of Directors by a resolution at the General Meeting held on 4th September 1997 to borrow money exceeding the aggregate of the Paid -up Capital and Free Reserves upto a maximum of Rs. 40 Crores. Considering the Company's green field Project at Gujarat, Company needs to procure and install Machinery, other Assets and equipments with borrowings from financial institutions and banks. Considering the requirements of the Company, your Directors feel that it would be proper and reasonable to fix the borrowing limit at Rs. 250 Crores (Rupees two hundred fifty crores only) for the time being. Accordingly, the resolution set out in Item No.7 has been proposed and the Directors recommend its acceptance.

No Director of the Company is concerned or interested in the above resolution.

ITEM NO. 8

Section 293(1) (a) of the Companies Act, 1956 requires the consent of the Company at a General Meeting for the sale, lease or disposal in any manner of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking.

To meet its funding requirements, the company is required, from time to time, to borrow moneys on the security of Company's assets. The mortgaging/charging by the Company of its fixed assets in favour of the Lenders including debenture holders or their agents and trustees, may in certain circumstances be regarded as exercise of power for the disposal of the Company's properties. It is, therefore, necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, as set out in the notice, to authorize the Directors to create the said mortgage/charge, for the funds borrowed by mortgage/ charging of assets. Under the authority sought, the total amount secured including amounts already secured, at any point of time shall not be in excess of Rs. 250 Crores (Rupees two hundred fifty crores only).

No Director of the Company is concerned or interested in the above resolution.

KILBURN CHEMICALS LTD.**Directors seeking appointment/re-appointment in the Annual General Meeting scheduled to be held on 24th September, 2012.**

Name of the Director(s)	Shri B. P. Jalan	Shri A. D. Nanaiya
Age	74 years	74 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. Shree Durga Agencies Ltd. 3. Kilburn Software Technologies India Ltd. 4. Supriya Finance Ltd.(Formerly Buckingham Financial Services Ltd.) 5. Maryada Advisory Services Pvt. Ltd. 6. Saket Fiscal Services Pvt. Ltd. 7. Shreyans Investments Pvt. Ltd. 8. Pushpdant Vyapaar Pvt. Ltd. 9. Ana Vincom Pvt. Ltd.	Kilburn Office Automation Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	NIL	NIL
Chairman/Member of the Committees of Director of other Companies in which he is a Director (a) Audit Committee (b) Remuneration Committee. (c) Shareholders/ Investors Grievance Committee	NIL NIL NIL	NIL NIL NIL

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

	(Rs. In lacs)	
	2011-12	2010-11
Total Revenue	9858	11601
Gross Operating Profit	1424	1204
Depreciation for the year	326	495
Profit Before Extraordinary items and Tax	1098	709
Extraordinary items (income)	3015	—
Profit Before Tax (PBT)	4113	709
Provision for Tax including Deferred Tax	1708	133
Net Profit After Tax (PAT)	2404	576
Add : Surplus / Loss brought forward from previous year	1950	1677
Profit available for Appropriation	4354	2253
Transfer to Preference Share Capital Redemption Reserve	274	117
Transfer to General Reserve	125	50
Proposed Dividend	130	117
Dividend Tax	21	19
Balance Carried Forward	3804	1950

OPERATIONS

The Company's production during the year was severely impacted right from the beginning of the year due to restricted availability of Ilmenite, the basic raw material of manufacture. The Company had no alternative but to haul Ilmenite from long distances incurring high transportation / freight costs. Furthermore inadequate availability and continually rising costs of principal utilities viz. power and water also added to the woes of the Company. The only redeeming feature was that the Company was able to realize better selling prices for Titanium Dioxide

pigment resulting out of favourable global demand-supply scenario.

Product	Production (in Tonnes)	Sales (in Tonnes)
Anatase Grade Titanium Dioxide	5,947.00 (11,441.00)	6,054.925 (11,776.025)
Ferrous Sulphate Heptha-hydrate	14361.000 (29,697.000)	26219.990 (204,545.200)

The figures of Production and Sales are not directly comparable as the Company disposed off the Chemical Manufacturing Unit at Tuticorin to M/s. V. V. Mineral and M/s. V. V. Titanium Pigments Private Ltd. during the year. The slump sale of the Chemical Division was effected on 14th October, 2011, the Effective Date of the transaction in terms of Business Transfer Agreement executed for the purpose.

A gross Revenue turnover of Rs. 102.91 crores was achieved from operations during the period 1st April, 2011 to 14th October, 2011 as against Rs. 124.90 crores for the whole of previous year. Profit before Tax before considering Extraordinary Income arising from sale of the Chemical Division was higher at Rs. 10.98 crores vis-à-vis Rs. 7.09 crores in the previous year. Net Profit after Tax after considering the Extraordinary Income and the taxation incidence there-on was Rs. 24.04 crores for the year 2011-12.

PREFERENCE DIVIDEND

Your Directors recommend Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2011 to 31st March, 2012, amounting to Rs. 18.91 lacs. The entire balance of 11% Cumulative Redeemable Preference Shares aggregating 2,74,000 shares of Rs. 100/- each were redeemed at par during the year.

EQUITY DIVIDEND

Your Directors are pleased to recommend a Dividend of 15% on the equity shares of Rs. 10/- each subject to the approval of the shareholders in the Annual General Meeting.

FUTURE OUTLOOK

After the sale of the Chemical Manufacturing plant in Tuticorin, the Company is left with the Wind Mill Division with an aggregate generation capacity of 4.00 MW. All the three Wind Turbine Generators are located in Tamil Nadu in satisfactory wind-tunnel locations and the Company has now got itself

KILBURN CHEMICALS LTD.

reclassified as a Merchant Producer of power (vis-à-vis Captive Producer) from TNEB.

The Company has the technology for production of Titanium Dioxide pigment developed and perfected over the last 17 years. To gainfully utilize the same as also the proceeds from the sale of the Chemical Division, the Company Management is actively working on plans to set up a greenfield project in Gujarat for production of both Anatase and Rutile Grades of Titanium Dioxide. The Company is currently in the process of tying up the Term Financial Assistance for the project from various banks/institutions. The gestation period for the project is estimated at 24 months.

CONSERVATION OF ENERGY

The required information with regard to energy conservation and technology absorption as required under Section 217(1) (e) of the Companies Act, 1956 is given in Annexure A attached to this report.

CORPORATE GOVERNANCE

Pursuant to the provisions contained in the Listing Agreement with Stock Exchanges, a Report on Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of the Corporate Governance is annexed. The Management Discussion and Analysis Report has not been annexed since the Chemical Division which constituted over 95% of the Revenue turnover was disposed off during the year, as reported earlier in this report.

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, 2012, 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 judgments 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, 2012, in compliance with the Central Government directives in this regard.

DIRECTORS

Shri B. P. Jalan and Shri A. D. Nanaiya 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 IDBI Bank 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.

Place : Kolkata
Date : 12th July, 2012

For and on behalf of the Board,
S. K. JALAN
Managing Director

ANNEXURE - A

FORM – A

(See Rule 2)

Disclosure of particulars with respect to conservation of energy

A) POWER AND FUEL CONSUMPTION :	Current Year 2011-2012	Last Year 2010-2011
1] ELECTRICITY:		
a] Purchased :		
Units	34,76,171.00	35,15,810.00
Total Amount	Rs.1,67,50,973	Rs.2,29,16,534
Rate / Unit	Rs.4.82	Rs.6.52
b] OWN GENERATION:		
[i] Through Diesel Generator		
Units	12,95,908.00	29,28,512.00
Units per litre of fuel	4.11	3.92
Cost per unit	Rs.12.19	Rs.11.57
[ii] Through Steam		
Turbine/Generator [Units]	5,89,495.00	10,68,780.00
[iii] Wind Power [Units]	66,70,604.00	72,45,558.00
2] COAL:		
Quantity [MT]	7,662.50	12,948.60
Total Amount	Rs.4,41,12,026	Rs.7,27,32,300
Average Rate	Rs.5,757	Rs.5,617
3] FURNACE OIL / KEROSENE:		
Quantity [K.Ltrs]	2,353.70	4,261.068
Total Amount	Rs.7,53,97,608	Rs.10,83,18,396
Average Rate	Rs.32,033.65	Rs.25,420.48
4] OTHERS:		
FIRE WOOD		
Quantity [MT]	321.25	493.55
Total Amount	Rs.11,83,544	Rs.16,74,850
Average Rate	Rs.3,684.24	Rs.3,393.48
B] CONSUMPTION PER UNIT OF PRODUCTION :		
[i] TITANIUM DIOXIDE		
a] Power	1065 Units	1046 Units
b] Furnace Oil / Kerosene	396 Ltrs	372 Ltrs
c] Firewood	0.054 Tonne	0.043 Tonne
d] Coal	1.288 Tonne	1.132 Tonne
[ii] FERROUS SULPHATE HEPTA HYDRATE		
a] Power	96 Units	94 Units