

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, MANGO 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 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

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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 (PBIDT)	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 (PBIDT) 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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KILBURN CHEMICALS LTD.

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.

3. CODE OF CONDUCT :

Board of Directors of the Company have laid down the Code of Conduct for all its Members and Senior Management Personnel who have affirmed their compliance therewith. The Code has also been displayed on the Company's Website.

CEO/CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

4. AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the Internal Control Systems and financial disclosures.

The terms of reference of the Audit Committee covers the matter specified for Audit Committee under Clause 49 of the Listing Agreement and the Companies (Amendment) Act, 2000 and is vested with the following powers :

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advices.
- To secure attendance of outsiders with relevant expertise, if considered necessary.
- Review of Company's Financial reporting process.
- Review of Half yearly and annual financial statements, before submission to the Board.
- Review with External Auditors, on areas of concern.
- Review the adequacy of internal control systems.

The Audit Committee while reviewing the Annual Financial Statements also reviews the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended 31st March, 2010.

The Board of Directors of the Company had constituted an Audit Committee comprising of Shri Ranjit Chaudhri, (Chairman); Shri A. D. Nanaiya; Shri Anand Chatrath & Shri Parag Keshar Bhattacharjee.

The Audit Committee is constituted in accordance with the provisions of Clause 49(II)(A) of the Listing Agreement and Section 292A of the Companies Act, 1956. Shri Anand Chatrath is a Chartered Accountant and possesses knowledge of corporate finance, accounts and company law. The Statutory Auditor, Internal Auditor are also invited to the Meetings. The quorum for the Audit Committee Meetings is two members.

Date of Audit Committee Meeting held and attended by the Members	Mr. Ranjit Chaudhri	Mr. A. D. Nanaiya	Mr. Anand Chatrath	Mr. Parag Keshar Bhattacharjee
27.04.2009	YES	-	YES	-
20.07.2009	YES	-	-	YES
28.10.2009	YES	YES	-	YES
27.01.2010	YES	-	YES	YES

Mr. J. Thangadurai acts as the Secretary of the Committee.

KILBURN CHEMICALS LTD.**INTERNAL AUDIT**

The Company has appointed Mr. Shyamal Kumar Banerjee, Chartered Accountant as Internal Auditor to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

5. REMUNERATION COMMITTEE

The Board of Directors has constituted the Remuneration Committee which includes Mr. V. Vanchi (Chairman), Mr. A. D. Nanaiya and Mr. Anand Chatrath.

REMUNERATION TO DIRECTORS

The Details of Remuneration paid to Directors for the year ended 31st March, 2010 are as follows :

Name of the Director	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	No. of Shares held	
				Equity	Preference
Mr. B. P. Jalan	24,000/-	-	-	100	8500
Mr. S. K. Jalan	-	35,17,327/-	-	25255	8500
Mr. V. Vanchi	24,000/-	-	-	4705	-
Mr. A. D. Nanaiya	8,000/-	-	-	-	-
Mr. Ranjit Chaudhri	40,000/-	-	-	-	-
Mr. Anand Chatrath	24,000/-	-	-	-	-
Mr. P. K. Bhattacharjee	32,000/-	-	-	-	-

The Company does not have any Employee Stock Option Scheme.

The agreement with the Managing Director is for a period of three years, notice period is of 6 months and Service Contract is from 14th November, 2009 to 13th November, 2012.

The remuneration of the Managing Director is determined by the Board within the statutory limits subject to shareholder's approval and on the basis of recommendation of the Remuneration Committee.

6. SHARE TRANSFER COMMITTEE (INVESTORS/SHAREHOLDER'S GRIEVANCE COMMITTEE)

The Committee is headed by Mr. V. Vanchi, Non Executive Director. The other members of the Committee include Mr. S. K. Jalan, Executive Managing Director and Mr. A. D. Nanaiya, Non Executive Independent Director.

The Committee looks into redressal of investor's grievances, various matters relating to the transfer and transmission of shares, issue of duplicate share certificates, approving of split and consolidation requests and other matters relating to transfer and registration of shares. All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March, 2010

The Committee generally meets once a month.

A	No. of Pending Complaints as on 01.04.2009	NIL
B	No. of complaints received from Stock Exchanges/SEBI/Investors	31
C	No. of complaints resolved	31
D	No. of pending complaints as on 31.03.2010	NIL

Mr. J. Thangadurai is the Compliance Officer.

KILBURN CHEMICALS LTD.**7. GENERAL BODY MEETINGS**

The location and time of the General Meetings held during the last three years is as follows :

AGM/EGM	Date	Venue	Time	No.of special resolutions Passed
AGM	14.09.2009	The Music Academy, Kasturi Srinivasan Hall, (Mini Hall) New No.168,(Old No.306) T.T.K. Road, Chennai – 600 014	10.00 A.M.	NIL
AGM	04.08.2008	The Music Academy, Kasturi Srinivasan Hall,(Mini Hall) New No.168,(Old No.306) T.T.K. Road, Chennai – 600 014	10.00 A.M.	1
AGM	21.08.2007	The Music Academy, Kasturi Srinivasan Hall,(Mini Hall) New No.168,(Old No.306) T.T.K. Road, Chennai – 600 014	10.00 A.M	NIL

8. DISCLOSURES

- i) There are no materially significant related party transactions except those mentioned in Schedule 26 on notes on accounts.
- ii) There were no non-compliances, penalties, strictures imposed on the Company by Stock Exchange, SEBI, or any Statutory Authority, on any matter related to Capital Markets during the last three years.
- iii) The Company does not have a Whistle Blower Policy as of now.
- iv) The Company has complied with all the applicable mandatory requirements and adopted some non – mandatory requirements stipulated under Clause 49, such as requirements with regard to Remuneration Committee.

9. MEANS OF COMMUNICATION

Quarterly and half yearly results are published in Business Line, Business Standard and DinaBoomi. The annual results are mailed to every shareholder of the Company.

Website where displayed : www.kilburnchemicals.com

The Management Discussion and Analysis Report is a part of Annual Report, refer annexure.

10. GENERAL SHAREHOLDER INFORMATION

- i) Next Annual General Meeting
DATE - 30th September, 2010
TIME - 10.00 A.M.
VENUE - The Music Academy
Kasturi Srinivasan Hall
(Mini Hall) New No :168
(Old No : 306)
T.T.K. Road
Chennai - 600014

KILBURN CHEMICALS LTD.

- ii) FINANCIAL CALENDAR : (tentative) for the year 2010-2011
- a) First Quarter Results - 1st Week of August, 2010
 - b) Second Quarter Results - 1st Week of November, 2010
 - c) Third Quarter Results - 1st Week of February, 2011
 - d) Results for the year ending March, 2011 - May, 2011
- iii) Date of Book Closure - 24th September, 2010 to 30th September, 2010 (both days inclusive)
- iv) Dividend Payment Date - On or before 29th October, 2010
- v) Listing on Stock Exchange - The Stock Exchange, Mumbai
Listing Fee for the financial year 2010-2011 paid to the Stock Exchange, Mumbai

STOCK CODE :

- The Stock Exchange, Mumbai - 524699
Demat ISIN No. for NSDL & CDSL - INE655C01027

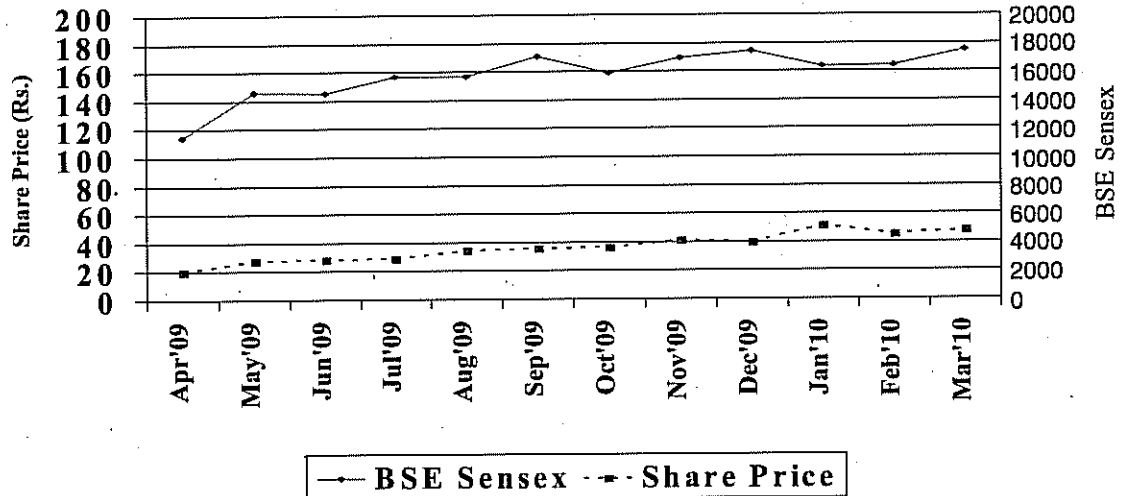
MONTHLY STOCK PRICE DATA :

Month	Highest Rate (Rs.)	Lowest Rate (Rs.)
April, 2009	20.02	14.05
May, 2009	27.70	19.15
June, 2009	28.50	20.20
July, 2009	29.00	18.60
August, 2009	34.55	27.10
September, 2009	35.70	28.05
October, 2009	36.60	29.65
November, 2009	41.00	32.15
December, 2009	39.85	33.00
January, 2010	51.40	36.75
February, 2010	45.00	36.00
March, 2010	48.00	34.15

(relates to trading in The Stock Exchange, Mumbai)

KILBURN CHEMICALS LTD.

Share price versus BSE Sensex



REGISTRARS & SHARE TRANSFER AGENTS : MAHESHWARI DATAMATICS PVT.LTD.
6, MANGOE LANE, 2ND FLOOR
KOLKATA 700 001.

Share Transfer System : Share Transfers in physical Form are processed by the Share Transfer Agent and approved by the Share Transfer Committee which meets at regular intervals. Share Transfers are registered and returned generally within 15 days from date of receipt, provided the documents are complete in all respects.

Distribution of Shareholding as on 31.03.2010

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
1 to 500	20207	98.2066	1448096	19.5030
501 to 1000	194	0.9428	161869	2.1800
1001 to 2000	79	0.3839	119466	1.6090
2001 to 3000	32	0.1555	79834	1.0752
3001 to 4000	15	0.0729	52638	0.7089
4001 to 5000	13	0.0632	63221	0.8515
5001 to 10000	14	0.0680	103860	1.3988
10001 and above	22	0.1069	5396016	72.6736
	20576	100.0000	7425000	100.0000

KILBURN CHEMICALS LTD.**Shareholding Pattern as on 31.03.2010 is as follows :**

Category	No. of Folios	No. of shares	%
Promoters	11	3103687	41.8005
Mutual Fund	7	10650	0.1434
Bank, Financial Institutions	6	2000	0.0269
Private Corporate Bodies	216	2126966	28.6460
Indian Public	20315	2166791	29.1824
NRI/OCBs	21	14906	0.2008
	20576	7425000	100.0000

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on 31st March, 2010, 64,36,618 shares were converted from physical to electronic form. Over 87% equity shares have been dematerialised upto 31st March, 2010. Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 29.1.2000 as per notification issued by the Securities and Exchange Board of India. (SEBI).

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : Not Applicable.

PLANT LOCATION : THOOTHUKKUDI, TAMILNADU

ADDRESS FOR CORRESPONDENCE : A-81, SIPCOT INDUSTRIAL COMPLEX
SOUTHVEERAPANDIAPURAM POST
MILAVITTAN,
THOOTHUKKUDI 628 002.

B. NON-MANDATORY REQUIREMENTS :**1. Shareholder rights:**

The half-yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders –

As the Company's Quarterly/half-yearly results are published in English Newspapers having circulation all over India and in a Tamil Newspaper (having circulation in Chennai) the same is not being sent to the shareholders separately.

2. Postal Ballot : No resolution has been passed through postal ballot.

Place : Kolkata
Date : 6th August, 2010

S. K. JALAN
Managing Director

www.kilburnchemicals.com

KILBURN CHEMICALS LTD.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given as annexed to the Directors Report.

ANNEXURE TO THE DIRECTORS' REPORT

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement.

TO THE MEMBERS OF KILBURN CHEMICALS LTD.

We have examined the compliance of conditions of Corporate Governance by Kilburn Chemicals Ltd., for the year ended 31st March, 2010 as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, the Registrars of the Company have certified that as at 31st March, 2010, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

5, Clive Row
Kolkata – 700 001
Dated : 6th August, 2010

For **G. P. KEJRIWAL & ASSOCIATES**
Chartered Accountants
Firm Registration No. 302201E
K. K. SINGHAL
Partner
M. No. 50140

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MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Titanium dioxide (TiO₂) finds use in a variety of industrial and consumer products such as Paints, Rubber Products, Plastics, Paper, Textiles, Cosmetics, etc. Its extreme whiteness, perfect non-toxicity and chemicals inertness makes it an ideal choice as a white pigment. This Chemical is available in two crystalline forms viz., Anatase and Rutile, which are of much commercial significance. In Kilburn Chemicals Ltd., the Anatase pigment of various Grades customized for different end applications is produced by using the Sulphate Technology

India is one of the major producer of Ilmenite. Depending on the source of deposit, Titanium Dioxide content varies from 48% to about 60% which is extracted either through the chloride or sulphate process. There are three major producers of Titanium dioxide in the country. Travencore Titanium Products in Kerala and Kilburn Chemicals Ltd in Tamil Nadu produce Anatase Grade Titanium Dioxide through the sulphate process whilst Kerala Minerals & Metals Ltd., also located in Kerala produces the Rutile grade of pigment through the Chloride route. Total production in the country is estimated at around 60,000 tonnes. All the three major producers are located in close proximity to the source of supply of Ilmenite in Kerala and Tamil Nadu. This helps to produce the pigment at optimal costs to effectively compete in the domestic and global markets.

Ferrous Sulphate Hepta hydrate (FSH) another important chemical salt produced by the company as a bye-product finds extensive application as a micro nutrient, for water treatment, soil amendment and for manufacture of iron oxide.

OPPORTUNITIES AND THREATS, TRENDS AND STRATEGIES

TiO₂ is a speciality chemical with multiple product specifications. Growth in consumption of Titanium Dioxide pigment has maintained long-term average rates of 3.1% per annum and this growth rate is likely to be sustained over the current decade till 2010. Use of TiO₂ pigment in various grades of paint applications account for around 60% of the total consumption. Though various substitute products/pigments have been tried out, there is as yet no ideal competitive product to substitute TiO₂ pigment usage. Besides there is also an increasing trend of shifting manufacturing bases from the more advanced global regions to the developing regions in Asia Pacific due to various stringent regulations on environment. This gives rise to fair opportunity for export growth.

The major threat to the company is the dependency on limited sources for its main raw materials of input viz. Ilmenite and Sulphuric acid. Further the industry is highly utilities dependent and generates a fair amount of effluents requiring treatment involving high treatment costs as also sizeable CAPEX.

Volatility of the Indian Rupee is also a threat for exports. These threats have in turn made many a Anatase pigment producer unprofitable leading to closure of some of the smaller inefficient producers. Substitution of Anatase Grade pigment by the Rutile grade by users poses a real challenge for Companies like Kilburn who are dependent on the Sulphate process of manufacture.

The strategy for future largely depends on the Company being able to transform its operation to be a low-cost producer of the pigment and flexibility of producing both Rutile and Anatase Grades of pigments. The Company is pursuing the said objective by taking all necessary steps to optimize its cost of production, adhere strictly to environmental standards & controls and regular systematic investment in R&D.

KILBURN CHEMICALS LTD.

OUT LOOK

The outlook for the Titanium Dioxide pigment industry is encouraging judging the wide application base and the growth potential of the end user industries like Paints, Rubber Plastics, Paper etc. Besides, the Company is working aggressively on identifying new application opportunities in niche markets for better value addition. The Company is also continually exploring avenues to increase exports to advanced markets. Besides, the Company is pursuing its efforts towards further rationalization of its operations in terms of output volume, product cost and quality.

RISK MANAGEMENT

The Company's operations are subject to risks, which can impact business performance, essentially with regard to prices of basic materials of inputs viz. Sulphuric Acid, Scrap Iron and fuel oils and steady supply of utilities, especially power. The Management is seized of assessing such risks and is taking appropriate timely measures to address the same including fixing of Sales Price realization on a monthly basis.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures is to ensure efficient use and protection of the company resources, accuracy in financial reporting and due compliance of statutes and company policies & procedures. Checks & balances exist in the system to ensure that all transactions are adequately authorized and reported correctly. Besides, Internal Audit is conducted at regular intervals to cover the key areas of operations. The Company has implemented an advanced ERP package, which aids close monitoring of Internal Control Systems.

HUMAN RESOURCES DEVELOPMENT

The Company's constant endeavour has been to attract, retain and nurture human resources by developing a culture of values. The Company appreciates that human assets constitute the driving force behind the Company's growth plans.

The Company, as on 31st March, 2010, had 191 employees on its rolls drawn from diverse academic background suiting their job profiles. The Company continues to have good industrial relations with its employees. Many employees were sent for selected external training programmes. Your company would like to record the whole-hearted support and participation received from the employees at all levels.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's position and expectations may be "forward looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the market in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of Kilburn Chemicals Ltd, as at 31st March, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us and the books and records as produced and examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the attached Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in Paragraph 3 above:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account as submitted to us;
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2010, and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us the annexed accounts, subject to and read together with the Notes in Schedule 26 and the Notes and Observations thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

5, Clive Row
Kolkata-700001.

K. K. SINGHAL
Partner

Dated : 6th August, 2010

M. No. 50140

www.kilburnchemicals.com

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our Report of even date of KILBURN CHEMICALS LIMITED as at and for the year ended 31st March, 2010).

- (i) (a) The Company is, in our opinion, maintaining proper records in computer, to show full particulars including quantitative details and situation of fixed assets.
- (b) In accordance with a programme, decided during the previous year, of verifying, the fixed assets, once in three years, the fixed assets as informed are to be physically verified by the management during the year ended 31-03-2011. The periodicity of physical verification, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (c) In our opinion, and according to the information and explanations given to us, the fixed assets disposed off during the year were not substantial part of fixed assets so as to affect the going concern status of the company.
- (ii) (a) The inventories lying with the Company have been physically verified by the management during the year/year end.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories and according to the records of the Company, the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion, were not material, in relation to the operations of the Company, have been properly dealt with in the books of accounts.
- (iii) (a) According to the records of the Company, the Company has neither granted nor taken any loans, secured or unsecured to and from the Companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) In view of our comments in paragraph (iii) (a) above, clauses (iii) (b) to (g) of Paragraph 4 of the aforesaid order, are, in our opinion, not applicable to the Company for the current year.
- (iv) In our opinion and on the basis of test checks carried out by us, and considering the explanations given by the management that alternative sources not being available for certain purchases/services, it appears that there are adequate internal control system commensurate with the size of the Company and the nature of its business with respect to major purchases of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed by the management or the internal auditors of the Company, of any instance of major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of accounts, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions exceeding the value of five lakh rupees in respect of any party during the year that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 and therefore, Clause v(b) of Paragraph 4 of the aforesaid order, is in our opinion, not applicable to the Company for the current year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year under the provisions of Sections 58A, 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the internal audit system is by and large commensurate with the size of the Company and nature of its business.
- (viii) On the basis of the records produced, we are of the opinion that, prima facie, the cost accounts and records as prescribed by the Central Government under Clause(d) of Sub-section(1) of Section 209 of the Act have been made and maintained. However, we have not carried out a detailed examination of the said accounts and records.

KILBURN CHEMICALS LTD.

(ix) (a) According to the records of the Company, the Company has been generally regular in depositing during the year undisputed statutory dues (to the extent applicable) including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.

According to the records of the Company there were no arrears of outstanding statutory dues which have remained outstanding as at 31.3.2010 for a period of more than six months from the date they became payable.

(b) According to the records of the Company and as per the information and explanations given to us, the dues outstanding of sales tax / wealth tax / service tax / custom duty / excise duty / cess / Income Tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Nature of Dues	Amount (Rs)	Period to which it relates to	Forum where dispute is pending
Central Excise Act	Service Tax	9.66 Lacs	January, 2005 to March, 2008	The commissioner of Central Excise (Appeals), Madurai
Income Tax Act, 1961	Income Tax	92.97 Lacs	Year ended 31-03-2007	The commissioner of Income Tax (Appeals), Chennai

We have been informed that except as stated above there are no other amounts which have not been deposited on account of disputes.

- (x) The Company has no accumulated losses as at 31st March, 2010 and has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) According to the records of the Company and as per the information and explanations given to us, there has been delays in repayment of dues (Term Loans) of Rs. 497.10 Lacs relating to the period from May, 2009 to March, 2010 to Banks during the year and there were outstanding overdues of Rs 31.85 Lacs as on 31-03-2010 (Since paid)
- (xii) According to the information and explanations given to us, the Company has not granted any

loans or advances on the basis of security by way of pledge of shares, debentures and other securities during the year.

- (xiii) In our opinion, the provisions of any Special Statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- (xvi) On the basis of review of utilisation of funds pertaining to term loans on overall basis as on 31.03.2010 and related information, explanations as made available to us and as represented to us by the management, the term loans taken by the Company during the year were applied during the year for the purpose for which the loans were obtained.
- (xvii) On the basis of review of utilisation of funds on overall basis as on 31.3.2010, related information, explanations and statements as made available to us and as represented to us by the Management, funds available as Short Term during the year have not been used for Long Term application.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any Debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management or the internal auditors of the Company.

For G. P. KEJRIWAL & ASSOCIATES

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner

5, Clive Row
Kolkata-700001.

Dated : 6th August, 2010

M. No. 50140

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KILBURN CHEMICALS LTD.

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds:					
a. Capital	1	11,33,72,000		11,33,72,000	
b. Reserves and Surplus	2	<u>28,69,92,197</u>		<u>26,65,54,764</u>	
			40,03,64,197		37,99,26,764
2. LOAN FUNDS					
a. Secured Loans	3	39,89,80,235		36,41,92,718	
b. Unsecured Loans	4	<u>6,76,94,989</u>		<u>6,07,52,166</u>	
			46,66,75,224		42,49,44,884
3. Deferred Tax Liability (Net)	5		2,27,32,412		-
TOTAL			<u>88,97,71,833</u>		<u>80,48,71,648</u>
II. APPLICATION OF FUNDS :					
1. FIXED ASSETS					
a. Gross Block	6	98,75,40,586		86,53,89,958	
b. Less : Depreciation		<u>36,58,44,192</u>		<u>32,29,46,493</u>	
c. Net Block		<u>62,16,96,394</u>		<u>54,24,43,465</u>	
d. Capital work-in-progress		<u>2,76,91,345</u>		<u>1,22,83,256</u>	
			64,93,87,739		55,47,26,721
2. INVESTMENTS	7		7,50,000		7,50,000
3. DEFERRED TAX ASSETS (Net)	5		-		26,47,765
4. CURRENT ASSETS, LOANS AND ADVANCES :					
a. Inventories	8	16,17,72,587		15,03,35,116	
b. Sundry Debtors	9	8,85,46,646		12,98,02,381	
c. Cash and Bank Balances	10	6,15,89,513		4,02,64,231	
d. Other Current Assets	11	2,20,92,783		1,58,49,822	
e. Loans and Advances	12	<u>3,46,93,807</u>		<u>2,47,45,030</u>	
		<u>36,86,95,336</u>		<u>36,09,96,580</u>	
Less : CURRENT LIABILITIES AND PROVISIONS :					
a. Liabilities	13	11,22,71,480		9,99,94,623	
b. Provisions	14	<u>1,67,89,762</u>		<u>1,42,54,795</u>	
		<u>12,90,61,242</u>		<u>11,42,49,418</u>	
Net Current Assets			<u>23,96,34,094</u>		<u>24,67,47,162</u>
			<u>88,97,71,833</u>		<u>80,48,71,648</u>
Notes on Accounts	26				

As per our attached Report of even date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner M. No. 50140

5, Clive Row, Kolkata - 700001

Dated : 6th August, 2010

B. P. JALAN
Chairman

S. K. JALAN
Managing Director

V. VANCHI
Director

www.kilburnchemicals.com

KILBURN CHEMICALS LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Turnover (Gross)	26(11)	1,10,03,07,379		1,09,42,62,918	
Less: Excise Duty		<u>6,77,30,977</u>		<u>10,08,56,340</u>	
Turnover (Net)			1,03,25,76,402		99,34,06,578
Increase in stocks	15		-		1,71,64,567
Other Income	16		<u>1,50,51,211</u>		<u>1,39,65,990</u>
			<u>1,04,76,27,613</u>		<u>102,45,37,135</u>
II. EXPENDITURE					
Decrease in Stocks	15		26,97,838		-
Purchases	26(11)		-		2,26,28,317
Raw materials consumed	17		31,68,65,961		44,80,32,145
Stores & Spare Parts etc. consumed	18		5,01,69,174		4,38,26,325
Power, Fuel and Water Charges	19		26,48,22,035		22,47,84,421
Salaries, Wages and Amenities	20		4,84,23,105		4,32,62,920
Repairs and Maintenance etc.	21		4,90,09,979		3,72,90,499
Effluent Disposal			7,39,58,256		5,72,93,608
Interest	22		4,92,40,171		4,20,04,314
Excise Duty	23		49,43,660		30,94,949
Selling and Distribution Expenses.	24		4,71,16,473		2,60,90,582
Other Expenses	25		2,74,53,985		2,30,08,320
Depreciation	06		4,60,71,317		4,08,49,060
			<u>98,07,71,954</u>		<u>1,01,21,65,460</u>
Profit for the year before taxation			6,68,55,659		1,23,71,675
Less : Provision for Taxation					
Income Tax					
For the year		1,15,00,000		59,00,000	
For earlier years		<u>(42,08,496)</u>		<u>(57,837)</u>	
		72,91,504		58,42,163	
Deferred taxation		2,53,80,177		(1,31,06,681)	
Fringe Benefit Tax					
For the year		-		4,20,000	
For earlier year		<u>24,880</u>		<u>(47,955)</u>	
			<u>3,26,96,561</u>		<u>(68,92,473)</u>
Profit for the year after taxation			3,41,59,098		1,92,64,148
Add : Surplus brought forward			15,23,28,373		14,74,42,450
			<u>18,64,87,471</u>		<u>16,67,06,598</u>
Appropriations					
Transfer to General Reserve			50,00,000		50,00,000
Proposed Dividends :					
On 11% Cumulative Redeemable Preference Shares		43,03,420		43,03,420	
On Equity Shares		<u>74,25,000</u>		<u>37,12,500</u>	
			1,17,28,420		80,15,920
Tax on proposed dividends			19,93,245		13,62,305
Surplus carried to Balance Sheet			<u>16,77,65,806</u>		<u>15,23,28,373</u>
			<u>18,64,87,471</u>		<u>16,67,06,598</u>
Notes on Accounts	26				
Earnings per share					
Basic/Diluted (Schedule 26 Note 7)			<u>Rs. 3.92 P.</u>		<u>Rs. 1.92 P.</u>

As per our attached Report of even date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner M. No. 50140

5, Clive Row, Kolkata - 700001

Dated : 6th August, 2010

B. P. JALAN
Chairman

S. K. JALAN
Managing Director

V. VANCHI
Director

www.kilburnchemicals.com

SCHEDULES TO ACCOUNTS

Schedules "1" to "26" forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date.

	31.03.2010		31.03.2009
	Rs.	Rs.	Rs. Rs.
SCHEDULE - 1			
SHARE CAPITAL			
Authorised :			
1,60,00,000	Equity shares of Rs.10/- each	16,00,00,000	16,00,00,000
4,00,000	Cumulative Redeemable Preference Shares of Rs.100/- each	<u>4,00,00,000</u>	<u>4,00,00,000</u>
		<u>20,00,00,000</u>	<u>20,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP			
74,25,000	Equity shares of Rs.10/- each	7,42,50,000	7,42,50,000
3,91,220	- 11% Cumulative Redeemable Preference Shares of Rs.100/- each (A)	<u>3,91,22,000</u>	<u>3,91,22,000</u>
		<u>11,33,72,000</u>	<u>11,33,72,000</u>

(A) These shares were issued initially for a period of 10 years and redeemable in two equal instalments at the end of the 9th and 10th year from the date of allotment i.e. 23/04/1999. During the previous year, the redemption had been postponed to 20th year from the date of allotment.

SCHEDULE - 2**RESERVES AND SURPLUS :****Capital Reserve**

State Subsidies

19,76,000

19,76,000

General Reserve :

As per last Account

11,22,50,391

10,72,50,391

Transfer from Profit & Loss Account

50,00,00050,00,000

11,72,50,391

11,22,50,391

Surplus :

As per annexed Profit & Loss Account

16,77,65,806

15,23,28,373

28,69,92,19726,65,54,764

KILBURN CHEMICALS LTD.

SCHEDULE - 3

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.

SECURED LOANS

1. Term Loans				
From Banks	23,58,30,687		21,65,76,275	
Interest accrued and due on above loans	28,59,119		65,47,481	
	23,86,89,806	(a)	23,86,89,806	(a)
2. Working Capital Loans from Banks	16,02,90,429		14,06,36,608	
3. Vehicle Loans from Banks	-		4,32,354	
	39,89,80,235		36,41,92,718	

(a) Includes Rs.320.69 Lacs (P.Y. Rs. 425.50 Lacs) due within one year

Notes :

1. Term Loans from Banks are secured by a first mortgage and charge (including joint first charge ranking pari-passu) in favour of the lenders of all the Company's immovable properties by way of deposit of title deeds (leasehold land), both present and future and first charge by way of hypothecation in favour of lenders, of all the Company's movables (save and except book debts), including movable plant and machinery, machinery spares, tools and accessories and other movables, present and future, subject to prior charges created and/or to be created in favour of the Company's bankers on the Company's stock of raw-materials, semi-finished and finished goods and consumable stores for securing the Company's borrowings for Working Capital requirements.
2. Working Capital Loans from banks are secured by hypothecation of Raw materials, semi-finished and finished goods, consumable stores and spares (present and future), stock in transit and book debts and by way of second mortgage created and/or to be created over all the immovable properties both present and future ranking subject and subservient to the first mortgage created and/or to be created in respect of Term Loans.
3. Vehicle Loans from Banks are secured by hypothecation of relative vehicles, by way of first charge, infavour of banks who have guaranteed the repayments under co-acceptance facility. The above amount includes Rs.NIL (P.Y. Rs.4,32,354/-) due within one year.
4. The nature of securities and other information as stated above, under Notes 1 to 3 are pending confirmations of respective lenders.

SCHEDULE - 4**UNSECURED LOANS**

From a body corporate	2,00,00,000		-	
Interest accrued and due on unsecured loans	23,67,482		13,33,172	
	2,23,67,482		13,33,172	
Interest free Sales Tax Loan	4,53,27,507	(a)	5,94,18,994	(a)
	6,76,94,989		6,07,52,166	

(a) Collected on Sales made upto 31-10-2003 and being repaid after 9 years from the month in which commercial production commenced i.e 14-11-1994.

SCHEDULE - 5**DEFERRED TAX LIABILITY/ASSETS (NET)**

Deferred tax Liability				
Difference between book and tax depreciation	2,33,47,262		16,00,752	
Deferred tax Assets				
Disallowances u/s 43B	6,14,850		42,48,517	
	2,27,32,412		26,47,765	

SCHEDULE - 6

FIXED ASSETS

(FIGURES IN RUPEES)

Particulars	GROSSBLOCK(ATCOST)			DEPRECIATION				NETBLOCK		
	As at	Additions	Adjustments/ Deductions	As at	As at	Provided during the year	Adjustments/ Deductions	As at	As at	As at
	31.03.2009			31.03.2010	31.03.2009			31.03.2010	31.03.2010	31.03.2010
Freehold land and development	30,00,000	19,00,000	49,00,000	-	-	-	-	-	49,00,000	30,00,000
Leasehold land and development	31,59,294	-	-	31,59,294	4,53,635	32,570	-	4,86,205	26,73,089	27,05,659
Buildings	11,98,91,331	38,52,074	-	12,37,43,405	3,77,17,624	38,09,173	-	4,15,26,797	8,22,16,608	8,21,73,707
Plant & Machinery	49,53,79,956	2,32,68,252	34,22,525	51,52,25,683	21,04,45,258	2,65,61,834	27,16,081	2,342,91,011	28,09,34,672	28,49,34,698
Wind Mills	12,02,44,213	8,93,15,229	-	20,95,59,442	1,87,93,777	87,52,036	-	2,75,45,813	18,20,13,629	10,14,50,436
Pipes & Fittings	3,79,83,015	13,39,320	-	3,93,22,335	2,08,60,013	20,25,321	-	2,28,85,334	1,64,37,001	1,71,23,002
Electrical installations etc.	6,83,90,051	40,28,744	-	7,24,18,795	2,54,04,718	33,02,199	-	2,87,06,917	4,37,11,878	4,29,85,333
Material Handling Equipments	2,96,441	-	-	2,96,441	1,40,686	13,662	-	1,54,348	1,42,093	1,55,755
Office Equipments	47,96,522	2,74,291	-	50,70,813	29,44,796	3,31,554	-	32,76,350	17,94,463	18,51,726
Furniture & Fittings	37,11,788	59,898	-	37,71,686	31,09,782	1,99,518	-	33,09,300	4,62,386	6,02,006
Vehicles	30,06,601	11,14,152	6,46,527	34,74,226	10,12,495	3,19,905	4,57,537	8,74,863	25,99,363	19,94,106
Engineering & Laboratory Equipments	32,00,866	-	-	32,00,866	8,26,641	1,50,797	-	9,77,438	22,23,428	23,74,225
Intangible assets:-										
Computer Software	23,29,880	-	-	23,29,880	12,37,068	4,65,976	-	17,03,044	6,26,836	10,92,812
CDM-PROJECT (a)	-	10,67,719	-	10,67,719	-	1,06,772	-	1,06,772	9,60,947	-
Total	86,53,89,958	12,62,19,680	40,69,052	98,75,40,586	3,22,94,493	4,60,71,317	31,73,618	36,58,44,192	6,216,96,394	54,24,43,465
Capital work-in-progress										
Capital advances (Unsecured, Considered good by the management)									26,85,035	7,784,482
Other capital work-in progress									2,50,06,310	44,98,774
Total									2,76,91,345	1,22,83,256
Grand Total	86,53,89,958	12,62,19,680	40,69,052	98,75,40,586	3,22,94,493	4,60,71,317	31,73,618	36,58,44,192	64,93,87,739	5,54,726,721
Previous Year	8,370,69,343	2,83,20,615	-	86,53,89,958	28,20,97,433	4,08,49,060	-	32,29,46,493	55,47,26,721	56,23,58,517

KILBURN CHEMICALS LTD.

	31.03.2010		31.03.2009
	Rs.	Rs.	Rs. Rs.
SCHEDULE - 7			
INVESTMENTS			
Other than trade (Long Term)			
Unquoted :			
75,000 Equity Shares of Rs. 10/- each fully paid up of Kilburn Software Technologies India Limited.	<u>7,50,000</u>		<u>7,50,000</u>

SCHEDULE - 8**INVENTORIES (as taken, valued and certified by the management)**

Raw materials	3,89,07,616		3,90,68,777
Stores & Spare Parts etc.	4,75,18,238		3,32,21,768
Finished goods	3,93,44,934 (a)		3,80,35,138 (a)
Stock in process	3,52,53,422		3,92,61,056
Traded Goods	7,48,377		7,48,377
	<u>16,17,72,587</u>		<u>15,03,35,116</u>

(a) Includes materials of Rs.2,53,531/- (P.Y. Rs.7,62,342/-) lying with outside parties.

SCHEDULE - 9**SUNDRY DEBTORS**

(Unsecured, considered good by the management)

Debts outstanding for a period

Within six months

Exceeding six months

8,80,99,724		12,95,12,947
<u>4,46,922</u>		<u>2,89,434</u>
	<u>8,85,46,646</u>	<u>12,98,02,381</u>

SCHEDULE - 10**CASH & BANK BALANCES**

Cash, Demand Drafts and

Cheques in hand (as certified)

Balances with Scheduled Banks

On Current Accounts

Fixed Deposit Accounts

On Unpaid Dividend Accounts
(as per contra)

4,25,68,933		2,93,79,769
81,62,880 (a)		7,80,058 (a)
74,31,574 (b)		62,88,324 (b)
34,26,126		38,16,080
	<u>6,15,89,513</u>	<u>4,02,64,231</u>

(a) Includes Rs.8,500/- on no lien account.

(b) Fixed Deposit Receipts lodged as security with Sales Tax Department and with Banks against Letters of Credit/Guarantees and includes interest accrued Rs. 98,425/- (P.Y. Rs.1,38,174/-)

KILBURN CHEMICALS LTD.31.03.2010
Rs.31.03.2009
Rs.**SCHEDULE - 11****OTHER CURRENT ASSETS**

(Unsecured, considered good by the management)

Excise duty, Cenvat, Service Tax, Sales tax, Vat
and Export Benefits Receivable2,20,92,7831,58,49,822**SCHEDULE - 12****LOANS AND ADVANCES**(Unsecured, considered good
by the management)

Loans

81,13,443

27,21,499

Advances recoverable in cash or in
kind or for value to be received or
pending adjustments

87,50,625

79,54,289

Taxes paid, tax deducted at source and refundables
(net of provisions Rs.1,15,00,000/-)

34,16,903

-

Balance in Current account with

Excise Department

4,713

4,713

Deposits

1,44,08,123

1,40,64,529

3,46,93,8072,47,45,030**SCHEDULE - 13****CURRENT LIABILITIES**

Sundry Creditors

8,39,72,825 (a)(b)

7,29,76,651 (a)(b)

Security Deposits

1,22,00,000

1,32,00,000

Advances

56,40,594

46,35,254

Investor Education and protection fund
to be credited by :

Unpaid Dividends (as per contra)

34,26,126 (c)

38,16,080 (c)

Other Liabilities

70,31,935

53,66,638

11,22,71,4809,99,94,623

(a) Refer Note-6 (iii) in Schedule-26

(b) Includes Rs.55,862/- (P.Y. Rs.1,05,375/-) due to Managing Director.

(c) The figure reflect the position as on 31-03-2010. The actual amounts to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

KILBURN CHEMICALS LTD.

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 14				
PROVISIONS				
Taxation (net of taxes paid, taxes deducted at source and refundables Rs.29,73,846/-)		-		29,26,154
Retirement Benefits		30,68,097		19,50,416
Proposed Dividends				
Preference shares	43,03,420		43,03,420	
Equity shares	<u>74,25,000</u>		<u>37,12,500</u>	
		1,17,28,420		80,15,920
Tax on proposed dividends :		19,93,245		13,62,305
		<u>1,67,89,762</u>		<u>1,42,54,795</u>

SCHEDULE - 15**(DECREASE)/INCREASE IN STOCKS****Closing Stock**

Finished Goods	3,93,44,934		3,80,35,138	
Stock-in-process	3,52,53,422		3,92,61,056	
Traded Goods	<u>7,48,377</u>		<u>7,48,377</u>	
		7,53,46,733		7,80,44,571
Less : Opening Stock				
Finished Goods	3,80,35,138		1,96,40,605	
Stock-in-process	3,92,61,056		4,04,91,022	
Traded Goods	<u>7,48,377</u>		<u>7,48,377</u>	
		7,80,44,571		6,08,80,004
		<u>(26,97,838)</u>		<u>1,71,64,567</u>

SCHEDULE - 16**OTHER INCOME**

Interest on Fixed Deposits with Banks (TDS Rs.45,309/- P.Y.Rs.58,710/-)	3,80,291		2,82,102	
Miscellaneous sales, receipts and realisations	20,59,064		62,71,463	
Exchange Difference (net of loss)	1,82,944		-	
Export benefits	1,24,28,912		74,12,425	
	<u>1,50,51,211</u>		<u>1,39,65,990</u>	

SCHEDULE - 17**RAW MATERIALS CONSUMED**

Opening Stock	3,90,68,777		2,15,54,461	
Purchases and Incidental	<u>31,67,04,799</u>		<u>46,55,46,461</u>	
Expenses (net of Cenvat)	35,57,73,576		48,71,00,922	
Less: Closing Stock	<u>3,89,07,616</u>		<u>3,90,68,777</u>	
		31,68,65,961		44,80,32,145

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Rs.31.03.2009
Rs.**SCHEDULE - 18****STORES & SPARE PARTS ETC. CONSUMED**

General Stores and spare parts etc.	3,68,81,101	3,37,53,577
Packing materials	1,32,88,073	1,00,72,748
	<u>5,01,69,174</u>	<u>4,38,26,325</u>

SCHEDULE - 19**POWER, FUEL AND WATER CHARGES**

Electricity Charges	2,96,41,580 (a)	2,96,65,530 (a)
Fuel	21,13,43,843	18,04,66,272
Water charges	2,38,36,612	1,46,52,619
	<u>26,48,22,035</u>	<u>22,47,84,421</u>

(a) After adjustments of Rs.2,22,08,940/- (P.Y. Rs.1,68,78,996/-) towards deductions / realisations for wind power generation.

SCHEDULE - 20**SALARIES, WAGES AND AMENITIES**

Salaries, Wages and Bonus etc.	4,03,79,849	3,60,54,090
Provision for Gratuity	9,61,264	9,10,328
Provision / payments for Leave encashment benefits	1,73,382	3,89,435
Contribution to Employees State Insurance	2,59,181	1,68,822
Contribution to Provident and Other Funds and charges	23,29,449	21,92,156
Leave Travel Assistance	7,66,900	6,95,650
Welfare Expenses	35,53,080	28,52,439
	<u>4,84,23,105</u>	<u>4,32,62,920</u>

SCHEDULE - 21**REPAIRS & MAINTENANCE ETC.**

Buildings	52,69,346	33,81,009
Machinery	2,10,11,077	1,76,15,010
Others	2,27,29,556	1,62,94,480
	<u>4,90,09,979 (a)</u>	<u>3,72,90,499 (a)</u>

(a) Excluding stores and spares parts etc., and salaries and wages etc.

KILBURN CHEMICALS LTD.

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 22				
INTEREST				
Fixed Loans	2,75,97,884		2,27,29,414	
Others	<u>2,39,52,811</u>		<u>2,09,58,553</u>	
	5,15,50,695		4,36,87,967	
Less: Interest on loans, debts and deposits etc. (TDS Rs.1,27,336/- P.Y. Rs.3,59,551/-)	<u>23,10,524</u>		<u>16,83,653</u>	
		4,92,40,171		4,20,04,314
		<u>4,92,40,171</u>		<u>4,20,04,314</u>

SCHEDULE - 23**EXCISE DUTY**

On stocks	49,38,013		30,93,515	
Other payments	<u>5,647</u>		<u>1,434</u>	
		49,43,660		30,94,949
		<u>49,43,660</u>		<u>30,94,949</u>

SCHEDULE - 24**SELLING AND DISTRIBUTION EXPENSES**

Commission	1,91,67,097		1,27,34,118	
Packing and Forwarding	1,55,67,496		78,36,431	
Freight (net of realisations)	1,20,01,440		53,59,153	
Advertisement and Sales promotion	<u>3,80,440</u>		<u>1,60,880</u>	
	4,71,16,473		2,60,90,582	
	<u>4,71,16,473</u>		<u>2,60,90,582</u>	

SCHEDULE - 25**OTHER EXPENSES**

Rent	32,09,750		35,42,133	
Rates and Taxes	12,55,083		5,78,110	
Insurance (net of realisations)	7,34,051		8,59,731	
Directors Fees	1,52,000		1,36,000	
Exchange Difference (net of gain)	-		2,95,526	
Loss on Sales of Fixed Assets	4,99,280		-	
Miscellaneous Expenses	<u>2,16,03,821</u>		<u>1,75,96,820</u>	
	2,74,53,985		2,30,08,320	
	<u>2,74,53,985</u>		<u>2,30,08,320</u>	

SCHEDULE - 26

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation of Financial Statements

The Financial Statements are prepared on going concern assumption and under the historical cost convention, in accordance with generally accepted Accounting principles in India and the provisions of the Companies Act, 1956.

(ii) Use of Estimates

The preparation of financial statements requires estimates and assumption to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known/materialized.

(iii) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost (net of CENVAT, VAT and Service Tax credits) is inclusive of freight, duties and levies and any directly attributable cost of bringing the assets to their working condition for intended use. Interest and other borrowing costs on borrowed funds used to finance the acquisition of fixed assets, upto date the assets are ready for use, are estimated and capitalised and included in the cost of the asset.

(iv) Depreciation

a) The cost of leasehold land is amortised yearly over the balance period of the lease proportionately from the date of commercial production.

b) Depreciation on other fixed assets is provided pro-rata to the period of use on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

c) Assets of value not exceeding Rs. 5,000/- are fully depreciated in the year of purchase.

(v) Investments

a) Investments are stated at cost.

b) Provision of temporary diminution (amount not ascertained and stated) in the value of long term investments is made only if such a decline is other than temporary, in the opinion of the management.

(vi) Valuation of Inventories

a) Inventories are valued at lower of cost (net of Cenvat/VAT Credits) and net estimated realisable value, as certified by the management. Cost for the purpose of valuation of :

(i) Raw-materials and stores and spare parts etc., is computed on weighted average method.

(ii) Finished goods and Stock-in-process is computed on the basis of estimated cost of materials, labour, conversion and other costs for bringing the inventories to their present location and condition.

(iii) Traded goods is computed on the basis of actual cost paid.

b) There are no significant machinery spares lying in stock which can be specifically used to a particular item of fixed assets or their use is expected to be irregular.

c) There are no obsolete/slow moving stocks for which provisions need to be made in accounts.

(vii) Excise Duty and Cenvat/VAT/Service Tax Credits

a) The value of closing stock of finished goods lying in factory premises are inclusive of excise duty.

b) Benefits of Cenvat/VAT and Service Tax Credits (to the extent claimed/availed) are accounted for by adjusting to the cost of relative fixed assets/materials/expenses.

(viii) Revenue Recognition

a) Expenses and income considered payable and receivable respectively, are accounted for on accrual and prudent basis.

b) Interest on refunds of Government dues and disposal of Scrap/residual materials are accounted for when the amounts are finally determined and or materials disposed off.

c) Self-generated Certified Emission Reductions (CERS) under the Clean Development Mechanism(CDM) :

KILBURN CHEMICALS LTD.

United Nations Framework Convention on Climate Change (UNFCCC) has Registered the Company's "CDM" project on 21-04-2009. Considering the "Exposure Draft of Guidance Note on Accounting for Self-generated Certified Emission Reductions (CERS)" issued by ICAI, "CERS" are to be recognised in the accounts only when the "CERS" are issued/credited/certified by "UNFCCC". The Expenditure of Rs.10,67,719/- incurred on "CDM" project has been considered by the company as "Intangible Assets-CDM Project" and included in Schedule 6 of Fixed Assets and amortised over a period of Ten years. The relative figures/value, if any, of "CERS" is presently not ascertainable and stated.

(ix) Retirement benefits

- a) The liability for Gratuity is covered under Group Gratuity Scheme with Life Insurance Corporation of India.
- b) Liability for Leave Encashment benefits is accounted for on basis of actuarial valuation
- c) The disclosures required under AS-15 (revised) are set out in Note 11 below.

(x) Turnover/Sales

- a) Sales (including exports) are recognized on despatch of goods.
- b) Local Sales are inclusive of excise duty but excluding sales tax/Vat.
- c) Export Sales are exclusive of excise duty as such Export Sales are being made without payment of excise duty.

(xi) Foreign Currency Transactions

- a) Transactions arising in foreign currency are accounted for at rates of exchange prevailing on the dates of transactions.
- b) Foreign currency monetary items at the Balance Sheet date are translated at the exchange rate prevailing on the date of the Balance Sheet.
- c) Exchange rate differences resulting from foreign exchange transactions on revenue account, settled during the year, including on year end translation of monetary items, are recognized in the Profit & Loss Account.
- d) There were no exchange rate differences resulting on capital account.

(xii) Export Benefits

Consideration/Benefits for transfer of DEPB licences and benefits (including for entitlements in hand as on the close of the year and to be received) are accounted for on accrual basis and are being valued at estimated and or net estimated realizable value. Adjustments for short/excess realizations, if any, are to be made on actual dates of realizations.

(xiii) Borrowing Costs

Interest and other costs on borrowed funds used to finance the acquisition of fixed assets, upto date the assets are ready for use, are estimated and capitalised under respective fixed assets.

Other interest and costs incurred on borrowed funds are recognised as expense in the year in which they are incurred.

(xiv) Taxation

- a) (i) Provision for taxation (this year MAT) Rs.115 lacs (P.Y. Rs.59 lacs) made in accounts is as estimated. The final tax liability is to be determined only on filing of Tax returns.
- (ii) The Company is entitled to credit in respect of Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961. However, read with Note 3(v) below and keeping in view the consideration of prudence and the probability of availability/availing the MAT Credit (which is based on convincing evidence of realization as envisaged by the Guidance Note issued by ICAI), MAT Credits (including for earlier years), the amount, whereof is not presently ascertainable, has not been considered by the Company.
- b) The deferred tax liabilities or assets are recognised using current tax rates, to the extent the management feels that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets/liabilities can be realised. Such assets/liabilities are reviewed as at each balance sheet date, to reassess realization / liabilities.

(xv) Research and Development

Routine expenditure considered as of revenue nature are charged to revenue under the natural heads of account in the year in which it is incurred. The Expenditure of capital nature, if any, is capitalized as fixed assets.

KILBURN CHEMICALS LTD.

(xvi) Intangible Assets

Intangible assets (Computer Software) are recognized at cost and amortized over a period of five years (read also para (viii)(c) above).

(xvii) Impairment of Assets

As required by AS-28 issued by the Institute of Chartered Accountants of India, provision for impairment loss of Assets is not required to be made as in view of the management, the estimated realizable value of such assets will be more or equal to the carrying amount stated in the Balance Sheet and the Auditors have relied on the certificate of the management in this regard.

(xviii) Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognised in respect of obligations where, based on the evidences available and their existence at the Balance Sheet date are considered probable.
 - b) Contingent liabilities are shown by way of Notes on Accounts in respect of obligations where, based on the evidences available, their existence at the balance sheet date are considered not probable.
 - c) Contingent Assets are neither recognized nor disclosed in Accounts.
- 2) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs.26.85 lacs (P.Y. : Rs.77.84 lacs) Rs.36.25 lacs (P.Y. Rs.151.36 lacs)
 - 3) Contingent liabilities not provided for in respect of (i) bills discounted with banks Rs.188.91 Lacs (Previous Year - Rs. 207.01 Lacs), (ii) bonds executed in favour of Excise Authority Rs. NIL (P.Y. : Rs.32 lacs) (iii) Unexpired letters of credit Rs. 504.30 lacs (P.Y. Rs. 188.01 Lacs), (iv) Guarantees given by Banks Rs. 27.50 lacs (P.Y. : Rs. 47.50 lacs) (v) Income Tax demands of Rs. 92.97 lacs for an earlier year, in view of pending appeal (vi) Disputed service tax demands Rs. 9,65,937/- (P.Y. Rs.14.68 lacs) pending in appeals and (vii) Disputed labour demands of Rs. 3,12,967/- (P.Y. Rs.3.13 lacs) pending appeal in court. (viii) Except as stated herein, there are no other pending cases and or claims against the company.
 - 4) In the opinion of the Board of Directors, the Current Assets, Loans, Advances and Deposits are approximately of the value stated, if realised, in the ordinary course of business unless otherwise stated. The provisions for liabilities are adequate and not in excess of the amount reasonably necessary.
 - 5) (i) Computation of Net Profit under Section 349/198(1) of the Companies Act, 1956 for the purpose of Managing Director's Commission

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
Profit before taxation as per Profit & Loss Account		6,68,55,659		1,23,71,675
Add : Depreciation (as per accounts)	4,60,71,317		4,08,49,060	
Loss on Sale of Assets	4,99,280		-	
Managerial Remuneration	35,17,327		34,55,804	
Directors' Fees	1,52,000		1,36,000	
		<u>5,02,39,924</u>		<u>4,44,40,864</u>
		11,70,95,583		5,68,12,539
Less: Depreciation under Section, 350 of the Companies Act, 1956		4,60,71,317		4,08,49,060
Profit for the purpose of Managing Director's Commission		<u>7,10,24,266</u>		<u>1,59,63,479</u>
Commission thereon to Managing Director, as determined by the Board		<u>NIL</u>		<u>1,59,635 (1%)</u>

KILBURN CHEMICALS LTD.

(ii) Managerial Remuneration under section 198 of the Companies Act, 1956.

	31.03.2010 Rs.	31.03.2009 Rs.
Managing Director		
(a) Salary	28,48,333	2,514,167
(b) Contribution to Provident Fund	3,51,400	3,01,700
(c) Commission	-	1,59,635
(d) Perquisites and benefits	3,17,594	4,80,302
	<u>35,17,327</u> (a)	<u>34,55,804</u> (a)

a) Excluding leave encashment Benefits and Gratuity (Separate details not ascertainable as actuarial valuation is done on an overall company basis and hence not included above)

	31.03.2010 Rs.	31.03.2009 Rs.
(iii) Directors' Fees	1,52,000	1,36,000
6) (i) Amount paid/payable to Auditors.		
a. Statutory Audit fee	2,30,000	1,55,000
b. Tax Audit Fee	45,000	30,000
c. Limited Review of Quarterly Un-audited results	47,500	22,500
d. Certification for Corporate Governance and others	32,500	40,000
e. For reimbursement of expenses	29,374	25,518
f. Service tax/cess	36,565	28,016
	<u>4,20,939</u>	<u>3,01,035</u>

(ii) Prior period items adjusted under respective account heads in the profit & Loss Account.

Particulars	31.03.2010 Rs.	31.03.2009 Rs.
(a) At Debit		
Stores & Spares Parts etc. consumed	-	17,640
Salaries, Wages and Amenities	720	7,200
Repairs & Maintenance etc.	1,79,559	2,18,090
Miscellaneous Expenses	24,093	100
	<u>2,04,372</u>	<u>2,43,030</u>
(b) At Credit		
Export Benefits	72,516	-

(iii) The management has confirmed that the Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures, if any, relating to total outstanding dues of Micro Enterprises and Small Enterprises and the principal amount and interest due thereon remaining unpaid and the amount of interest paid/payable as required under amended schedule VI of the Companies Act, 1956 could not be compiled and disclosed.

(iv) Advances as per Schedule 12 includes Rs.3.97 Lacs (P.Y. Rs.2.34 Lacs) (Maximum Amount due Rs.8.41 Lacs (P.Y. Rs.37.18 Lacs) (interest free) due by Officers of the company.

(v) Accounts in respect of loans, current liabilities, debtors, other current assets, loans, advances and deposits are subject to confirmation of respective parties.

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(vi) (a) **Movements for Provisions for Retirement Benefits**

	Rs.(in lacs)	Rs.(in lacs)
Balance as on 1.4.2009/1.4.2008	19.50	16.41
Additions during the year	11.35	13.00
Reversals/adjustments during the year	0.17	9.91
Balance as at 31.3.2010/31.3.2009	30.68	19.50

(b) No Reimbursement is expected in the case of Contingent Liabilities and Liabilities shown respectively under Note No.3 and (a) above.

(vii) The year end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below :

	31-3-2010		31-3-2009	
	Rs.	US DOLLARS	Rs.	US DOLLARS
a) Amounts receivable in Foreign currency on account of receivables towards export of goods	1,97,57,741	4,42,671	14,22,680	28,000
b) Amount payable in foreign currency towards expenditure	3,41,630	8,177	NIL	NIL

(viii) Inadvertently, the amount of Rs.6,01,842/- lying in Unpaid Dividend Account of the company was transferred to the Investor Education and Protection Fund as per provisions of Section 205C of the Companies Act, 1956 on 13.05.2010 (though the payinst cheque was issued by the Bank from such amount on 11-03-2010) against the due date of 15-10-2009.

7) **Earnings per share (EPS)**

The numerators and denominators used to calculate basic and diluted earnings per share.

	31.03.2010	31.03.2009
(i) Profits (after tax and dividend on preference shares) attributable to the equity share holders (subject to notes on accounts) (A)	Rs. 2,91,24,312	Rs. 1,42,29,363
(ii) Basic / weighted average number of Equity Shares outstanding during the year (B)	74,25,000	74,25,000
(iii) Nominal value of Equity Shares	Rs.10/-	Rs.10/-
(iv) Basic / Diluted Earnings per share (A)/(B)	Rs. 3.92 P.	Rs. 1.92 P.

9) **Segment Reporting**

a) **Identification of Segments :**

i) **Business Segment**

The Company's operation predominantly comprises of only one segment i.e., manufacturing of chemicals. In view of the same, the matters stated in AS-17 need not be disclosed.

ii) **Geographical Segment**

The analysis of Geographical Segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows :

- i) Sales within India include Sales to customers located within India.
- ii) Sales outside India include Sales to customers located outside India.

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b) **Information pertaining to Geographical Segment**
 (i) **Gross Revenue as per Geographical Locations**

	31.03.2010 Rs.	31.03.2009 Rs.
Within India	88,37,75,772	93,19,56,769
Outside India	21,65,31,607 (a)	16,23,06,149 (a)
	<u>1,10,03,07,379</u>	<u>1,09,42,62,918</u>

(a) Includes Rs.18,78,600/- (P.Y. Rs. 25,90,100/-) Exports through Export Houses/ Merchant Exporters.

ii) **Fixed Assets as per Geographical locations.**

The company has common fixed assets for producing goods for domestic as well as overseas market. Hence, segmentwise information for fixed assets / additions to fixed assets cannot be furnished.

9) **Related Party Disclosures**

(Particulars identified by the Company on the basis of information available and have been relied upon by the Auditors)

i) **List of related parties :**

Key Management Personnel and their relatives

- 1) Mr. S. K. Jalan (Managing Director)
- 2) Mr. B. P. Jalan (Father of Mr.S.K. Jalan)(Director)
- 3) M/s.Bajrang Prasad & Son (HUF) [Mr.B.P. Jalan(Father of Mr.S.K. Jalan) is Karta]

ii) **Transactions with related parties (Key Management Personnel and relatives of Key Management Personnel)**

Nature of Transactions	31.03.2010 Rs.	31.03.2009 Rs.
1. Rent paid	12,60,000	12,60,000
2. Managerial Remuneration	35,17,327	34,55,804
3. Amount due (at credit)	55,862	1,05,375
4. Proposed Dividend on Equity Shares	25,355	12,678
5. Proposed Dividend on Preference Shares	1,87,000	1,87,000

iii) No amounts were written-off or written-back during the period in respect of debts due from or to related parties.

10) The disclosures required as per the revised Accounting Standard (AS) 15 – Employee Benefits notified under the Companies (Accounting Standards) Rules, 2006 are as under.

Defined-Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund (PF), family pension fund (FPF) and Employees Insurance Scheme (ESI). Provident Fund, family pension fund and Employees State Insurance Scheme cover substantially all regular employees. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. Both the employees and the company pay predetermined contributions into the provident fund, family pension fund and the Employees State Insurance Scheme. The contributions are normally based on a certain proportion of the employee's salary.

Contribution to Defined Contribution Plans, recognized and charged off for the year are as under (excluding for on contractors payments)

	Rs.	Rs.
Provident Fund	10,65,639	9,35,859
Family Pension Fund	8,63,773	8,27,417
Employees State Insurance Scheme	92,609	70,992

Defined-Benefit Plans

The Company offers its employees Defined-Benefit Plans in the form of a gratuity scheme. Benefits under the defined benefit plan is typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The Company contributes funds to Life Insurance Corporation of India, which is irrevocable Commitments are actuarially determined at year-end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account. The obligation for leave encashment is recognized in the same manner as gratuity.

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	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31-3-2010 Rs.	31-3-2009 Rs.	31-3-2010 Rs.	31-3-2009 Rs.
a. Reconciliation of opening and closing balances of Defined Benefit Obligation				
Defined Benefit obligation at beginning of the year	44,58,320	43,27,540	17,71,553	15,16,000
Current Service Cost	3,80,876	5,18,750	24,96,681	2,10,251
Interest Cost	3,56,666	3,46,203	1,27,766	1,21,280
Actuarial (gain)/loss	5,60,540	(3,81,131)	(2,51,065)	57,904
Benefits paid	3,57,404	8,17,527	1,36,020	1,33,882
Defined Benefit obligation at year end	53,98,998	39,93,835	18,08,915	17,71,553
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets at beginning of the year	38,14,972	42,02,465	-	-
Expected return on plan assets	3,36,818	3,36,197	-	-
Actuarial gain/(loss)	-	441	-	-
Employer contribution	3,45,430	93,396	-	-
Benefits Paid	3,57,404	8,17,527	1,36,020	1,33,882
Fair value of plan assets at year end	41,39,816	38,14,972	-	-
The Plan Assets of the Company are managed by the LIC and the composition of investments relating to these assets are not available with the Company.				
c. Reconciliation of fair value of Assets and obligations				
Fair value of plan assets as at 31.3.2010/31.3.2009	41,39,816	38,14,972	-	-
Present value of obligation as at 31.3.2010/31.3.2009	53,98,998	39,93,835	18,08,915	17,71,553
Amount recognized in Balance Sheet	12,59,182	1,78,863	18,08,915	17,71,553
d. Expenses recognized during the year (Under the head Salaries, Wages and Amenities – Schedule – 20)				
Current Service Cost	3,80,876	5,18,758	2,96,681	2,10,251
Interest Cost	3,56,666	3,45,140	1,27,766	1,21,280
Expected return on plan assets	3,36,818	3,04,960	-	-
Actuarial gain/(loss)	5,60,540	(2,70,168)	(2,51,065)	57,904
Net Cost	9,61,264	8,29,106	1,73,382	3,89,435
e. The actuarial calculations used for estimated defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.				
Particulars	31.3.2010	31.3.2009	31.3.2010	31.3.2009
Discount Rates	8%	8%	8%	8%
Salary Escalation	3%	3%	8%	3%
Expected Rate of return on plan assets	8%	3%	-	-
Mortality Rate (LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as demand and supply in the employment market. The above information is as submitted and or obtained from LIC/Actuary and relied upon by the Auditors.

The contribution expected to be made by the Company for the year ending 31-03-2011 (P.Y.31.3.2010) cannot be readily ascertainable and therefore not disclosed.

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11) INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

	31.03.2010		31-03-2009	
	Rs.		Rs.	
(i) C.I.F Value of Imports				
Raw materials	<u>NIL</u>		<u>1,72,67,580</u>	
	<u>NIL</u>		<u>1,72,67,580</u>	
(ii) Expenditure in Foreign Currency				
Travel (purchase of travellers cheques / foreign currencies/ exchange)		4,24,263		7,69,015
Commission(on remittance basis)		12,70,449		5,54,909
Others		2,86,752		-
		<u>19,81,464</u>		<u>13,23,924</u>
(iii) Value of Raw-materials and stores and spare parts etc. consumed and percentage to total consumption:				
	Rs.	%	Rs.	%
(a) Raw materials				
Indigenous	31,68,65,961	100	43,07,64,565	96.15
Imported	<u>NIL</u>	<u>3.85</u>	<u>1,72,67,580</u>	<u>3.85</u>
	<u>31,68,65,961</u>	<u>100</u>	<u>44,80,32,145</u>	<u>100</u>
(b) Stores and spare parts	6,94,14,359	100	6,66,55,497	100
(iv) Amount remitted during the year in foreign currency on account of dividend :				
(a) Number of Non-Resident Shareholders		22		24
(b) Number of Shares held by them		12813		10797
(c) Amount of Dividend Paid(Gross)		Rs . 6,407/-		Rs. 5,399/-
(d) Year to which Dividend relates		31.03.2009		31.03.2008
(v) Earnings in Foreign Exchange				
Export of Goods calculated on FOB basis		21,65,31,606 (a)		15,97,16,049 (a)
(a) Excluding Rs.18,78,600/- (P.Y Rs.25,90,100/-) exports through Export Houses/Merchant Exporters.				
(vi) Raw Materials Consumed:				
	31-3-2010		31-3-2009	
<u>Description of materials</u>	<u>Qty. (M.T.)</u>	<u>Rs.</u>	<u>Qty. (M.T)</u>	<u>Rs.</u>
Ilmenite	30420.879	15,44,57,984	25848.597	11,16,33,306
Scrap Iron	2719.670	5,38,14,775	2537.046	6,12,34,983
Sulphuric Acid	46075.100	8,54,06,228	37140.800	25,61,16,082
Others		2,31,86,974		1,90,47,774
		<u>31,68,65,961</u>		<u>44,80,32,145</u>

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(vii) Licensed and Installed Capacities :

(a) Licensed Capacity (Capacity under the Industrial Entrepreneurs memorandum filed with the Government of India and duly acknowledged under the scheme of de-licensing notified by the Government).

	31.03.2010 M.T	31.03.2009 M.T
Titanium Di-oxide (Both Anatase and Rutile Grades)	25,000	25,000
Ferrous Sulphate Salt	8,580	8,580
Mixed Sulphate Salt	9,000	9,000

(b) Installed Capacity (as certified)

Titanium Di-oxide	11,550	11,550
Ferrous Sulphate Salt	17,580	17,580
Wind Power	4,000 KW	2,500 KW

(viii) Detailed Quantitative Information :

Description of goods	Opening Stock		Production(b)	Purchases		Turnover/Sales		Closing Stock	
	Qty. (M.T)	Rs.	Qty. (M.T)	Qty. (M.T)	Rs.	Qty. (M.T)	Rs.	Qty. (M.T)	Rs.
Titanium Dioxide	405.950 (184.543)	3,25,03,900 (1,54,81,035)	12460.000 (10928.000)	NIL (NIL)	NIL (NIL)	12438.550 (10706.593)	98,47,12,371 (94,78,11,451)	442.950 (405.950)	3,32,77,504 (3,25,03,900)
Ferrous Sulphate	2070.890 (4544.190)	55,31,238 (41,59,570)	26330.000 (21487.000)	NIL (NIL)	NIL (NIL)	25692.700 (23960.300)	11,55,95,008 (12,31,91,102)	2708.190 (2070.890)	60,67,429 (55,31,238)
Wind Power (c)	NIL (NIL)	NIL (NIL)	5844217 units (4418587 units)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Traded Goods : Titanium Dioxide Rutile	8.025 (8.025)	7,48,377 (7,48,377)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	8.025 (8.025)	7,48,377 (7,48,377)
Digital Multifunctional Printers	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (5 Nos)	NIL (1,81,24,971)	NIL (5 Nos.)	NIL (1,86,66,773)	NIL (NIL)	NIL (NIL)
Fax machines	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (2 Nos)	NIL (64,000)	NIL (2 Nos.)	NIL (67,200)	NIL (NIL)	NIL (NIL)
Franking Machines	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (3 Nos)	NIL (44,39,346)	NIL (2 Nos.)	NIL (45,26,392)	NIL (NIL)	NIL (NIL)
		3,87,83,515 (2,03,88,982)			- (2,26,28,317)		1,10,03,07,379(a) (1,09,42,62,918)(a)		4,35,20,894 (3,87,83,515)

Figures in brackets are for previous year.

(a) After rebate and discount etc. Rs.3,02,95,716/- (P.Y. Rs.2,02,58,298/-)

(b) Net of samples issued.

(c) Refer Note-a(in Schedule-19)

12) The position of Company Secretary of the Company has been vacant from 17-06-2006 till date.

13) Previous year's figures have been regrouped, rearranged and recasted wherever considered and found necessary to confirm with this year's classification.

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15. CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES FOR THE YEAR ENDED 31st March, 2010.

	31.03.2010 (Rs. in lacs)	31.03.2009 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and extraordinary Items	668.56	123.72
Adjustments for:		
Depreciation	460.71	408.49
Interest received	(26.91)	(19.66)
Interest paid	515.51	436.88
Loss on assets Sold	4.99	-
Exchange difference(Net)	(1.83)	2.96
Operating Profit before Working Capital Changes	<u>1621.03</u>	<u>952.39</u>
Adjustments for:		
Trade and other receivables	284.81	(32.80)
Inventories	(114.37)	(404.95)
Trade payables and other liabilities	133.94	48.62
Cash Generated from Operations	<u>1925.41</u>	<u>563.26</u>
Taxes Paid	(136.59)	(16.75)
Net cash from operating Activities	<u>1788.82</u>	<u>546.51</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets / Capital		
Work in progress	(1416.28)	(332.18)
Sale of Fixed Assets	3.96	-
Acquisition of Investments	-	-
Interest Received	26.91	19.66
Exchange difference (Net)	1.83	(2.96)
Net Cash used in Investing Activities	<u>(1383.58)</u>	<u>(315.48)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	443.85	259.47
Interest paid	(542.05)	(373.38)
Dividend paid (including dividend tax)	(93.78)	(93.78)
Net Cash used in Financing Activities	<u>(191.98)</u>	<u>(207.69)</u>
Net Increase / (Decrease) in Cash & Cash equivalents	213.26	23.34
Cash & Cash equivalents at start of year	402.64	379.30
Cash & Cash equivalents at close of year	615.90	402.64

Notes:

- (1) The above statement is subject to and read together with the notes and observations on Accounts and Schedules attached thereto.
- (2) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- (3) Cash & Cash equivalents at start and close of year includes balances on unpaid dividend accounts.
- (4) Previous year's figures have been regrouped, rearranged and recasted wherever found necessary.
This is the Cash Flow Statement referred to in our Report of even date.

Signatures to Schedules "1" to "26"

As per our attached Report of even date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner M. No. 50140

5, Clive Row, Kolkata - 700001

Dated : 6th August, 2010

B. P. JALAN
Chairman

S. K. JALAN
Managing Director

V. VANCHI
Director