

KMG CHEMICALS INC
Form SC 13G
April 25, 2005

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549
SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No.)***

KMG CHEMICALS, INC.

(Name of Issuer)

Common Stock, par value \$.01 per share

(Title of Class of Securities)

482564101

(CUSIP Number)

April 21, 2005

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

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The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Tontine Capital Partners, L.P.
2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a) y
(b) o
3. SEC Use Only
4. Citizenship or Place of Organization
Delaware
5. Sole Voting Power
- 0 -
6. Shared Voting Power
1,030,035
7. Sole Dispositive Power
- 0 -
8. Shared Dispositive Power
1,030,035
9. Aggregate Amount Beneficially Owned by Each Reporting Person
1,030,035
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) o
11. Percent of Class Represented by Amount in Row (9)
11.74%
12. Type of Reporting Person (See Instructions)
PN

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Tontine Capital Management, L.L.C.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
Delaware

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

5. Sole Voting Power
- 0 -

6. Shared Voting Power
1,030,035

7. Sole Dispositive Power
- 0 -

8. Shared Dispositive Power
1,030,035

9. Aggregate Amount Beneficially Owned by Each Reporting Person
1,030,035

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
11.74%

12. Type of Reporting Person (See Instructions)
OO

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Jeffrey L. Gendell

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
United States of America

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

5. Sole Voting Power
- 0 -

6. Shared Voting Power
1,030,035

7. Sole Dispositive Power
- 0 -

8. Shared Dispositive Power
1,030,035

9. Aggregate Amount Beneficially Owned by Each Reporting Person
1,030,035

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
11.74%

12. Type of Reporting Person (See Instructions)
IN

Item 1.

- (a) Name of Issuer
The name of the issuer is KMG Chemicals, Inc. (the Company).
- (b) Address of Issuer's Principal Executive Offices
The Company's principal executive offices are located at:

10611 Harwin Drive, Suite 402

Houston, Texas 77036.

Item 2.

- (a) Name of Person Filing
This Statement is filed by:
- (i) Tontine Capital Partners, L.P., a Delaware limited partnership (TCP), with respect to the shares of Common Stock directly owned by it;
- (ii) Tontine Capital Management, L.L.C., a limited liability company organized under the laws of the State of Delaware (TCM), with respect to the shares of Common Stock directly owned by TCP; and
- (iii) Jeffrey L. Gendell (Mr. Gendell), with respect to the shares of Common Stock owned directly by TCP.
- The foregoing persons are hereinafter sometimes collectively referred to as the Reporting Persons. Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.
- (b) Address of Principal Business Office or, if none, Residence
The address of the business office of each of the Reporting Persons is 55 Railroad Avenue, 3rd Floor, Greenwich, Connecticut 06830.
- (c) Citizenship
TCP is a limited partnership organized under the laws of the State of Delaware. TCM is a limited liability company organized under the laws of the State of Delaware. Mr. Gendell is a United States citizen.
- (d) Title of Class of Securities
Common Stock, \$.01 par value (the Common Stock)
- (e) CUSIP Number
482564101

Item 3.

- If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**
- (a) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);
- (b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c);
- (c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c);
- (d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
- (e) An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with §240.13d-1(b)(1)(ii)(J).
Not Applicable.

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- A. Tontine Capital Partners, L.P.
- (a) Amount beneficially owned:
- Amount beneficially owned: 1,030,035
- (b) Percent of class:
- 11.74%. The percentage used herein and in the rest of Item 4 was calculated based upon a total of 8,775,019 shares of the Company's Common Stock issued and outstanding (which was determined by adding the 7,575,019 shares of Common Stock issued and outstanding as of February 28, 2005, as set forth in the Company's Form 10-Q for the quarterly period ended January 31, 2005, and 1,200,000 shares of Common Stock issued pursuant to the Securities Purchase Agreement entered into by the Company and TCP, among others, dated April 21, 2005).
- (c) Number of shares as to which the person has:
- (i) Sole power to vote or direct the vote:
- 0-
- (ii) Shared power to vote or direct the vote:
- 1,030,035
- (iii) Sole power to dispose or direct the disposition:
- 0-
- (iv) Shared power to dispose or direct the disposition:
- 1,030,035
- B. Tontine Capital Management, L.L.C.
- (a) Amount beneficially owned:
- 1,030,035
- (b) Percent of class:
- 11.74%
- (c) Number of shares as to which the person has:
- (i) Sole power to vote or direct the vote:
- 0-
- (ii) Shared power to vote or direct the vote:
- 1,030,035
- (iii) Sole power to dispose or direct the disposition:
- 0-
- (iv) Shared power to dispose or direct the disposition:
- 1,030,035
- C. Jeffrey L. Gendell
- (a) Amount beneficially owned:
- 1,030,035
- (b) Percent of class:

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- 11.74%
- (c) Number of shares as to which the person has:
- (i) Sole power to vote or direct the vote:
- 0-
- (ii) Shared power to vote or direct the vote:
- 1,030,035
- (iii) Sole power to dispose or direct the disposition:
- 0-
- (iv) Shared power to dispose or direct the disposition:
- 1,030,035

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

TCM, the general partner of TCP, has the power to direct the affairs of TCP, including decisions respecting the disposition of the proceeds from the sale of the shares. Mr. Gendell is the Managing Member of TCM and in that capacity directs its operations.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person

Not Applicable

Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: April 25, 2005

/s/ JEFFREY L. GENDELL
Jeffrey L. Gendell, individually, and as
Managing member of
Tontine Capital Management, L.L.C.,
General partner of
Tontine Capital Partners, L.P.