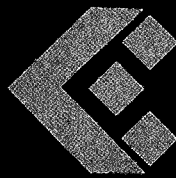
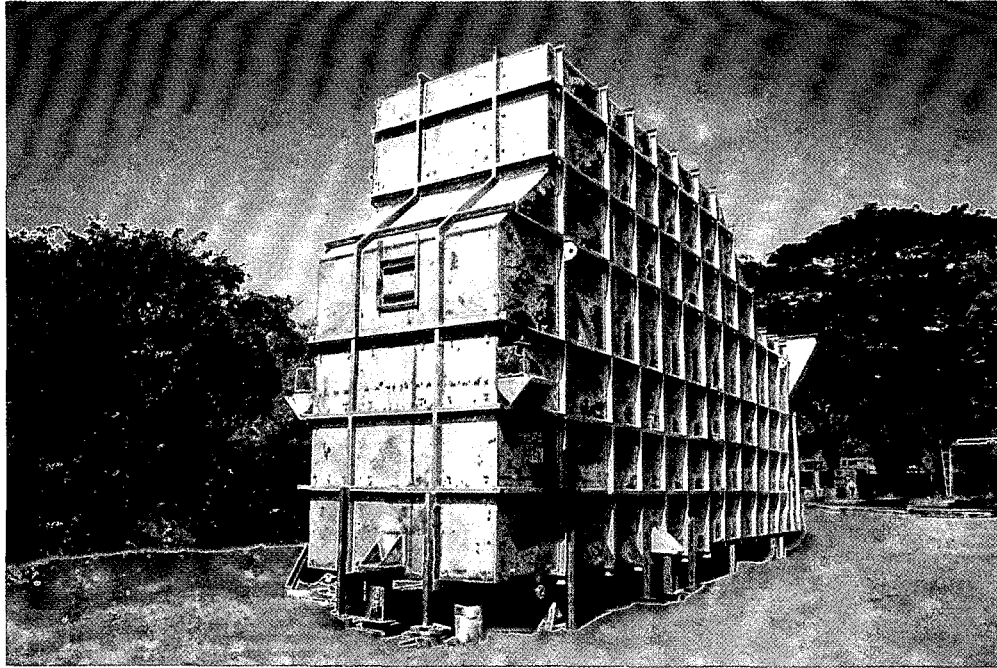


Report & Accounts

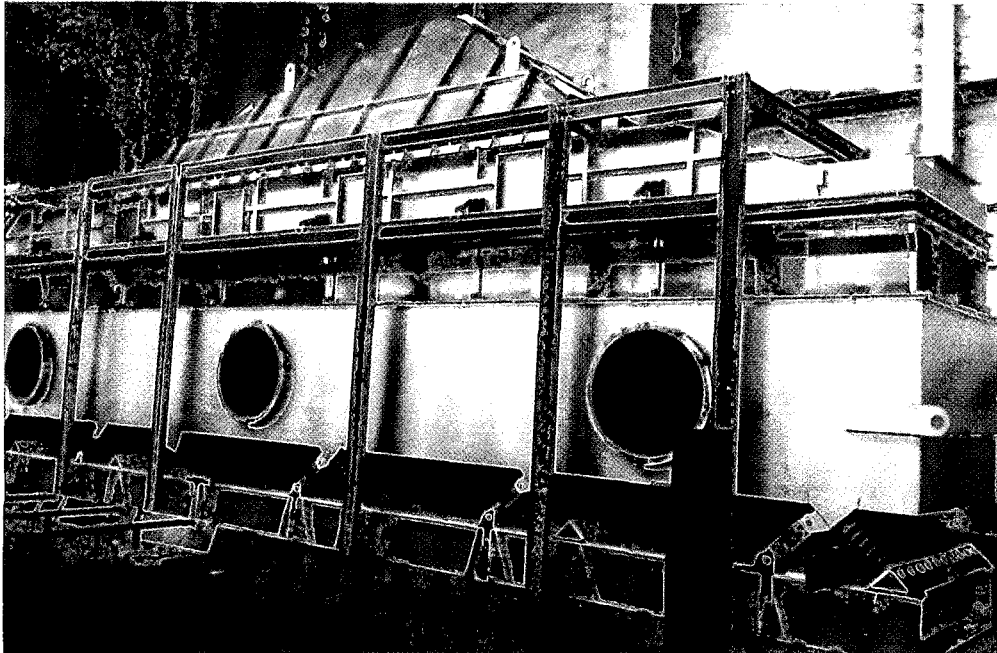
2008-09



Kilburn Engineering Limited



Fluid Bed Cooler for a Fertilizer Plant



Coal Dryer for Steel & Power Plants



Kilburn Engineering Limited

REGD. OFFICE : Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700 001.

ATTENDANCE SLIP

Folio No. _____

*Client ID No. _____

*DP ID No. _____

I hereby record my presence at the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company on Tuesday, September 29, 2009 at 11.00 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce and Industry, 6, Netaji Subhash Road, Kolkata-700 001.

Name of attending Member/Proxy

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

NOTES :

1. Shareholder/Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
 2. Shareholder/Proxy desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.
- * Applicable in case shares are held in demat mode.

----- (TEAR HERE) -----



Kilburn Engineering Limited

REGD. OFFICE : Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700 001.

PROXY FORM

Folio No. _____

*Client ID No. _____

*DP ID No. _____

I/We.....
of..... in the district of..... being
a Member/Members of the above named Company, hereby appoint..... of
..... in the district of..... or failing
him..... of..... in the district
of..... as my/our proxy to attend
and vote for me/us and on my/our behalf at the TWENTY-FIRST Annual General Meeting of the Company, to be held on
Tuesday, September 29, 2009 at 11.00 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce and Industry, 6,
Netaji Subhash Road, Kolkata-700 001 and at any adjournment thereof.

Signed this..... day of..... 2009.

Signature _____

| |
|---------------------------------------|
| Affix 15 paise Revenue Stamp |
|---------------------------------------|

Note: The proxy form must be returned so as to reach the Registered Office of the Company at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata 700 001 not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

* Applicable in case shares are held in demat mode.



Kilburn Engineering Limited

REGD. OFFICE : Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700 001.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty-First Annual General Meeting of the Company will be held on Tuesday, September 29, 2009 at 11:00 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce and Industry, 6, Netaji Subhash Road, Kolkata – 700 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account, Cash Flow Statement for the year ended March 31, 2009 and Balance Sheet as on March 31, 2009, Auditors' Report thereon and Directors' Report alongwith Management Discussion & Analysis Report and Report on Corporate Governance for the year ended March 31, 2009.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Deepak Khaitan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. R. Dasgupta, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/s Deloitte Haskins & Sells, Chartered Accountants, retiring Auditors being eligible, offer themselves for reappointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Gobind Saraf, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (hereinafter referred to as Act) read with Article 82 of Articles of Association of the Company and in respect of whom, a notice under Section 257 of the Act has been received by the Company and being eligible, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Manmohan Singh, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (hereinafter referred to as Act) read with Article 82 of Articles of Association of the Company and in respect of whom, a notice under Section 257 of the Act has been received by the Company and being eligible, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Kolkata
Monday, June 29, 2009

Amees B. Joshi
Company Secretary

NOTES:

- a) The relative explanatory statement for the business set under Item no. 6 and 7 of the Notice is annexed hereto.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING. A PROXY / PROXIES SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING.**
- c) Members holding shares in physical form are requested to notify immediately change of address, if any, to the Registrars and Transfer Agents of the Company i.e. M/s Maheshwari Datamatics Pvt. Ltd. at 6, Mangoe lane, Surendra Mohan Ghosh Sarani, 2nd Floor, Kolkata – 700 001. Tel No.: (033) 2243 5809 / 5029; 2248 2248; Fax No.: (033) 2248 4787.

Members holding shares in demat mode are requested to notify any change in address to their respective depository participants and make sure that such changes are recorded by them.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 23rd September, 2009 to Tuesday, 29th September, 2009 (both days inclusive).
- e) Dividend, if declared, at this Annual General Meeting, shall be paid to those Members of the Company holding shares in physical form, whose names appear in the Register of Members as of the close of working hours of Tuesday, 22nd September, 2009 and in respect of shares held in demat mode, to those beneficiaries whose names appear in list of beneficial owners furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as of the close of business hours on Tuesday, 22nd September, 2009.
- f) Members are requested to bring their copies of the Annual Report to the meeting.
- g) Queries on accounts, if any, should reach the Registered Office of the Company at least seven days before the meeting.

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

Item no. 6 & 7

Mr. Gobind Saraf and Mr. Manmohan Singh were appointed as Additional Directors of your Company w.e.f. March 30, 2009. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 82 of Articles of Association of the Company, they hold office as such upto the date of this Annual General Meeting. The Company has received notice under Section 257 of the Act from one of its members alongwith a deposit of Rs. 1000/-, proposing their candidature for the office of Directors of the Company.

The brief resume covering the details of their qualification and experience, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, is annexed to this notice. Considering their experience and expertise, the Board of Directors of your Company recommends the appointment of Mr. Gobind Saraf and Mr. Manmohan Singh as Non Executive Independent Directors of the Company.

The Board recommends passing of the resolutions set forth under Item no. 6 & 7 as Ordinary Resolutions.

None of the Directors, except Mr. Gobind Saraf and Mr. Manmohan Singh, are interested and / or concerned in passing of the resolutions set forth under Item no. 6 & 7.

By Order of the Board of Directors

Kolkata
Monday, June 29, 2009

Ame B. Joshi
Company Secretary

Brief Resume of the Directors seeking appointment / re-appointment in this Annual General Meeting, as required pursuant to Clause 49 of the Listing Agreement:

| Name of Director | Deepak Khaitan | S. R. Dasgupta | Gobind Saraf | Manmohan Singh |
|--|--|---|--|---|
| Type | Non-Executive Chairman | Independent Director | Independent Director | Independent Director |
| Date of Birth | 09/05/1955 | 10/10/1945 | 16/08/1944 | 13/03/1949 |
| Date of Appointment | 16/07/2004 | 01/11/2004 | 30/03/2009 | 30/03/2009 |
| Qualification | B. Com (Hons), MBA from Geneva (Switzerland) | B.A. Economics | B.Com | B.A. Economics (Hons), LLB |
| No. of Equity Shares held | 1,201 | 19,000 | NIL | NIL |
| Expertise in Specific Functional area | He hails from a renowned family of Industrialists and is an Industrial Entrepreneur himself. He has over 28 years of experience in steering diverse business enterprises in India. He is the Vice-Chairman & Managing Director of Eveready Industries India Ltd. and is also on the Board of various Companies He is on the Committees of various Chambers of Commerce/ Federation like CII, FICCI, ASSOCHAM, BCCI, ICC, etc. He has served as President of the Indian Chambers of Commerce in the year 1992-93. | He has vast experience in managing the business and affairs of large Companies. He has held positions as Area Chairman of Eveready Battery Company Asia and Africa for handling responsibility for all Asia and Africa Operations (1998-99), the Vice President / Managing Director of Eveready Singapore Pte. Ltd. (1996-98) and President Director - PT Eveready Company Indonesia, Jakarta (1986 -95). | He has vast experience in business and its overall management especially in printing industry. He is associated with The Ganges Printing Co. Ltd. since 35 years wherein he is incharge of finance, operations and its overall management. | He is a graduate from St. Stephens College, Delhi with an Honours degree in Economics as also holds LLB degree from Law University, Delhi. He has over 35 years of experience in Hotel and Travel Industry. Manor Hotel, owned by him, is one of the Delhi's first designer boutique hotel and was accolade as one of the world's best new hotels in the year 1991 by Conde Nast. He also has an active interest in Golf. |
| Directorships held in other Companies | Williamson Magor & Co. Ltd. Mcleod Russel India Ltd. Eveready Industries India Ltd. Williamson Financial Services Ltd. Babcock Borsig Ltd. McNally Bharat Engineering Co. Ltd. McNally Sayaji Engineering Ltd. Majuli Tea Holdings Ltd. UK | Eveready Industries India Ltd. McNally Bharat Engineering Ltd. China Town Properties (PTE) Ltd. Moran Holdings PLC Transglobal Group Ltd. UK Waterbright PTE Ltd. Singapore | Williamson Financial Services Ltd. The Ganges Printing Co. Ltd. Vikas Jute Pvt. Ltd. Jet Converters Pvt. Ltd. Easy Pack Pvt. Ltd. Sunshine Marketing Pvt. Ltd. | Kilburn Office Automation Ltd. Manor Travels Pvt. Ltd. Manor Hotel Pvt. Ltd. |
| Particulars of Committee Chairmanship / Membership held in other Companies | <u>Audit Committee</u> Babcock Borsig Ltd. | NIL | NIL | NIL |

Note:

The Committees considered for this purpose are only those prescribed under Explanation 2 to Clause 49(I)(C) of the Listing Agreement.





Kilburn Engineering Limited

WM A WILLIAMSON MAGOR GROUP ENTERPRISE

Website: www.kilburnengg.com

Board of Directors

Deepak Khaitan Chairman
 Supriya Mukherjee Managing Director
 S. R. Dasgupta
 Amritanshu Khaitan
 Gobind Saraf
 Manmohan Singh

Company Secretary

Amee B. Joshi (Ms.)

Auditors

M/s. Deloitte Haskins & Sells, Mumbai

Bankers

United Bank of India
 Union Bank of India
 The Federal Bank Ltd.
 IDBI Bank Ltd.

Registered Office

Four Mangoe Lane,
 Surendra Mohan Ghosh Sarani,
 Kolkata – 700 001.

Corporate Office

112, Minerva Industrial Estate,
 P. K. Road, Mulund (W),
 Mumbai – 400 080.

Factory

Plot No. E/32, MIDC,
 Talaja Industrial Area, District Raigarh,
 Maharashtra – 410 208.

Registrars & Transfer Agents

M/s Maheshwari Datamatics Pvt. Ltd.
 6, Mangoe Lane, Surendra Mohan Ghosh Sarani,
 2nd Floor, Kolkata – 700 001.
 Tel. No. : (033) 2243 5809 / 5029; 2248 2248
 Fax No. : (033) 2248 4787
 E-mail : mdpl@cal.vsnl.net.in

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REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009

The Directors of your Company are pleased to present the 21st Annual Report and Audited Statement of Accounts for the financial year ended March 31, 2009.

| | Year ended 31st March, 2009 (Rs. In Lac) | Year ended 31st March, 2008 (Rs. In Lac) |
|--|--|--|
| FINANCIAL RESULTS | | |
| Sales and Services | 9,181 | 7,811 |
| Gross Profit before interest and depreciation | 557 | 438 |
| Interest | 145 | 138 |
| Depreciation | 121 | 49 |
| Operating Profit | 291 | 251 |
| Prior Period Income/(Expense) | (3) | (3) |
| Profit before tax | 288 | 248 |
| Tax Expenses (MAT, FBT and DTA) | 376 | 104 |
| Profit/(Loss) after tax | (88) | 144 |
| Profit from Sale of Land (net of tax) | 7,391 | 2,633 |
| Net Profit after Sale of Land | 7,303 | 2,777 |
| Balance brought forward from previous year | (66) | (2,843) |
| Amount available for appropriation | 7,237 | (66) |
| Less: Appropriations | | |
| Proposed Dividend | 269 | |
| Tax on Dividend | 46 | |
| Transfer to Capital Redemption Reserve | 5 | — |
| Transfer to General Reserve | 730 | |
| Balance carried forward to Balance Sheet | 6,187 | (66) |

DIVIDEND

Your Directors are pleased to recommend dividend of Rs. 2/- per equity share of Rs. 10/- each after a gap of 12 years.

OPERATIONS – 2008-2009

As reported in the last year, the Company had shifted its manufacturing operations and consequently suffered nearly 4 months loss of production. During the year under review, the Company however succeeded in making up the shortfall in production through various measures including outsourcing. The Income from sales and services, despite the relocation, increased by 18% to Rs. 9,181 Lac (previous year Rs. 7,811 Lac). Your Directors are pleased to report that the Company has been able to absorb the additional relocation related expenses of Rs. 405 Lac and earn operating profit before tax of Rs. 288 Lac as compared to Rs. 248 Lac in the preceding year. During the year, the Company adjusted the entire remaining amount of DTA of Rs. 307 Lac while charging tax expense of Rs. 376 Lac.

The year under review as also the current quarter witnessed your Company successfully executing large orders of Rotary Dryer, Fluid Bed Dryer, Rotary Calciner and Industrial Blower to reputed domestic and international customers. Your Company's export in the year 2008-09 accounted to nearly 20% of the turnover.

CURRENT YEAR AND FUTURE OUTLOOK

Process Equipment

Your Company supplies critical customized Process Equipment for various Industries namely Carbon Black, Chemical, Petrochemicals, Fertilizers, Steel, Refineries, etc. The Company receives repeat orders from major domestic and international customers. Your Company's plans to achieve significant increase in sales, during the current year, suffered a setback following the economic downturn from the second half of 2008. The current economic crisis has resulted in slowdown in the capital expenditure programme across the industry and particularly in the private sector in India. This has consequently resulted in considerable decline in the inflow of orders both from the domestic and export market in the last nine months. However, some signs of revival are being witnessed very recently and your Directors expect improved order book situation by the end of the current financial year. Despite continuing adverse economic scenario, the Company expects to maintain the last year's turnover level as your Company's products cater to diverse users and applications. The cost reduction initiatives taken by the Company will also result in the improvement of the Company's bottom line.

During the current year, the Company is focusing on orders for supply of Coal Dryer for Power Plant. Your Company has also successfully commissioned its Vapour Recovery System in one of the large Oil Companies in the country. Your Company expects in future encouraging business for this product in view of its significant economic and environmental benefits.

Food Processing Equipment

Your Company continues to remain a market leader for Tea Dryers. The buoyancy in the Tea Industry is expected to generate higher demand for Tea Dryers during the current year.

Your Company's Drying Cum Cooling System for Sugar has been very well established in the market and is immensely benefiting the user Companies. Your Company expects to achieve higher sales of this product in the current and subsequent years.

Your Directors are pleased to report that your Company's R&D has brought about significant technological improvement of its product line for Rice/ Paddy Industry. Your Company has now started manufacturing the entire range of equipment covering right from continuous steaming to final drying of paddy. Further, your Company's diversified equipment mix is catering to the needs of Parboiled Rice both Basmati and Non-basmati as also Raw Paddy. The Company expects significant growth in sales for these products in the years ahead. Your Company has applied for patents for the Sugar and Paddy equipment. The patent applications were also published in the patent gazette. The applications are currently under review by the patent authorities and their approval is awaited.

SALE OF BHANDUP LAND

Pursuant to the MOU dated 8th November, 2007 entered into with Housing Development and Infrastructure Ltd. (HDIL) for sale of Company's property at Bhandup, Mumbai, admeasuring 8.32 acres, the Company had transferred 3.32 acres of land at a consideration of Rs. 3,150 Lac during 2007-08 resulting in profit of Rs. 2,633 Lac net of tax liability of Rs. 425 Lac thereagainst.

During the year 2008-09, the Company had executed the conveyance deed for the entire land admeasuring 8.32 acres for an aggregate consideration of Rs. 11,500 Lac, out of which, the Company had received in cash upto 31st March, 2009, Rs. 5,650 Lac including Rs. 3,150 Lac as aforesaid. The Company during 2008-09 has accounted for the entire profit on sale of land of Rs. 7,391 Lac (net of tax of Rs. 830 Lac) based on the sales consideration of Rs. 8,350 Lac (Rs. 11,500 Lac minus Rs. 3,150 Lac). While determining Income tax liability, the Company has duly taken into account the benefits applicable under Section 54G of the Income Tax Act, 1961, in view of its concrete plans for relocating its operations to non urban areas involving substantial investment.

In respect of the receipt of the balance consideration of Rs. 5,850 Lac (Rs. 11,500 Lac minus Rs. 5,650 Lac), the Company has received a letter from HDIL dated 18th June, 2009 confirming the said balance of Rs. 5,850 Lac. In addition, another letter dated 29th June, 2009 has been received from HDIL confirming that entire payment of Rs. 5,850 Lac for which the Company is holding post dated cheques, will be made shortly. The Board is of the view that the entire balance sum of Rs. 5,850 Lac is good and fully recoverable within the current year and no provision whatsoever is considered necessary.

NEW PROJECT

As reported to you in the last year, your Company entered into an MOU in July 2008 with Conwood Pre-Fab Ltd., Goregaon (E), Mumbai for purchase of approximately 8 acres land. This MOU was terminated by the Company as the Seller could not obtain requisite approvals within the stipulated period. Discussions are going on for refund of Rs. 800 Lac paid to them as an advance. In view of the aforesaid, the Company has entered into a MOU in April '09 with Chemetall-Rai India Ltd. for purchase of land admeasuring about 8-acres at MIDC, Plot No. 6, Bhiwandi – Kalyan Road, Saravali, Dist. Thane at a consideration of Rs. 867 Lac exclusive of stamp duty, registration fees, site development expenses, MIDC charges, etc. The MOU envisages the conclusion of the deal within four months.

Your Company has finalised its detailed plan for setting up a state-of-the-art manufacturing facility at the above location. After completion of the said project which is expected to go on stream around September 2010, the manufacturing operations from the existing two locations viz. Mulund, in Mumbai and Taloja, near Mumbai will be permanently shifted to the new location.

As reported last year, your Company has received an allotment letter dated May 21, 2008 from Asansol-Durgapur Development Authority for 20 acres of land. There is no further development in the matter during the year under review.

SHARE BUY BACK

During the year under review, the Board of Directors of your Company at their meeting held on January 29, 2009, has made an offer of Buyback of equity shares for a price not exceeding Rs. 40/- at a total consideration not exceeding Rs. 311.74 Lac. As on March 31, 2009, the Company has bought back 44,738 equity shares for a consideration of Rs. 8.02 Lac.

DIRECTORS

The following changes took place in the composition of the Board of your Company;

- 1) Mr. Gobind Saraf and Mr. Manmohan Singh were appointed as Additional Directors of the Company w.e.f. March 30, 2009. They will act as Non-Executive independent Directors of the Company;
- 2) Mr. Padam Kumar Khaitan, Director resigned from the Board of the Company w.e.f. March 31, 2009;
- 3) Mr. Suvamoy Saha, Director resigned from the Board of the Company w.e.f. April 11, 2009.

The Board records its appreciation of the valuable services rendered by Mr. Padam Kumar Khaitan and Mr. Suvamoy Saha during their tenure.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Gobind Saraf and Mr. Manmohan Singh, being Additional Directors, hold office as such upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Act from one of its members proposing their candidature for the office of Directors of the Company.

Pursuant to Article 87 of Articles of Association of the Company, Mr. Deepak Khaitan and Mr. S. R. Dasgupta retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

AUDITORS

M/s Deloitte Haskins & Sells, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company. The Company has obtained a certificate from them stating that their appointment, if considered and approved, will be within the limits of Section 224(1B) of the Companies Act, 1956. Being eligible, they offer themselves for re-appointment as Statutory Auditors for the FY 2009-10.

AUDIT REPORT

In respect of the qualification in the Audit Report regarding the recoverability of the balance land sale proceeds from HDIL, your Directors are of the view that Note 3 of Schedule 17B forming part of Notes to Accounts has appropriately dealt with the qualification.

AUDIT COMMITTEE

Your Directors have, in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, constituted the Audit Committee of the Board. As on date, the members of the Audit Committee are Mr. Gobind Saraf (Chairman), Mr. Manmohan Singh, Mr. S. R. Dasgupta and Mr. Supriya Mukherjee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company hereby confirms:

- 1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- 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 as at the end of the financial year and of the Profit and Loss of the Company for the period;
- 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.

MANAGEMENT DISCUSSION & ANALYSIS

A separate report on Management Discussion & Analysis, covering the following areas is appended to this Annual Report as Annexure "A" and forms part of this Directors' Report;

- 1) Industry Structure & Development
- 2) Financial performance vis-à-vis operational performance
- 3) Opportunities & Threats
- 4) Outlook
- 5) New Project
- 6) Risks & Concerns
- 7) Internal Control Systems & their adequacy
- 8) Human Resource Development

HUMAN RESOURCE DEVELOPMENT

Your Company considers that man power is the key to the development of your Company and continues to be the driving force of the organisation. Your Company continues to take various initiatives for development of human resources by means of performance appraisal, training, increments, promotions, etc. Industrial relations continued to be cordial and harmonious throughout the year.

ADDITIONAL INFORMATION

The information relating to Conservation of Energy, Technical Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, as amended, is appended to this Annual Report as Annexure "B" and forms part of this Directors' Report.

The requirement of the provisions of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the Company as none of its employees draws more than or equal to Rs. 2,00,000/- per month, if employed in part of the financial year, and more than or equal to Rs. 24,00,000/- per annum, if employed throughout the financial year.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from a Practising Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is appended to this Annual Report and forms part of this Directors' Report.

COLLABORATORS

The Board places on record its sincere appreciation to its collaborators Nara Machinery Co. Ltd., Japan and Carrier Vibrating Equipment Inc, of USA for extending their valuable support and co-operation.

ACKNOWLEDGEMENT

Your Directors thank the Central Government, Government of West Bengal, Government of Maharashtra as also the Government agencies, bankers, local bodies, stock exchanges, shareholders, customers, vendors, employees of the Company and other related organisations for their continuous co-operation and support in progress of the Company and also look forward to their continued confidence and trust in the Company.

For and on behalf of the Board

Deepak Khaitan
Chairman

Kolkata, June 29, 2009

ANNEXURE "A" FORMING PART OF DIRECTORS' REPORT 2008-09**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****1) Industry Structure & Development**

Kilburn is an ISO 9001-2000 technology led Company, specialized in process design, engineering, manufacturing, project management and installation of equipment and systems for various process plant. Your Company is a leader in design and manufacturing of solid, liquid, gas drying systems and specially designed skid mounted packages for offshore platforms. Your Company efficiently covers diverse industries ranging from Chemical, Petrochemical to Food, Oil & Gas, Refinery, Power & Steel Plants. Your Company has a strong foothold in both national and international markets.

Your Company expects encouraging market response for its Coal Dryer for Power Plant. Vapour Recovery System supplied to one of the large Oil Companies in the country has been successfully commissioned and this will open up new opportunities for the Company in the Oil Sector both for its environmental and economic benefits. The Company does not envisage any major competition within the country for the products namely, Coal Dryer and Vapour Recovery System.

In the other sector, i.e., Dryers for Food Processing Industry, your Company has established its Dryers for diverse applications namely, Tea, Paddy, Sugar and Coconut. The Company continues to remain the market leader in the domestic Tea Dryer Industry and also supplies Tea Dryers to reputed large customers abroad. The Company's R&D has brought about significant technological improvement in its product line for Rice/Paddy Industry. The Company has now started manufacturing the entire range of equipment covering right from continuous steaming to final drying of paddy. Furthermore, the Company's diversified equipment mix is catering to the needs of Parboiled Rice both Basmati and Non-basmati as also Raw Paddy. Similarly, technological improvements in Sugar Dryers carried out during the year, will immensely benefit the Industry in terms of higher production, better quality, short pay back period, etc. The Company envisages huge growth potential for its Drying Systems in the Food Processing Industry as above.

2) Financial Performance vis-à-vis Operational Performance

The year 2008-09 was full of unprecedented events. During the year under review, the Company shifted its manufacturing operations to Mulund, in Mumbai and to Taloja, near Mumbai. The Company had to suffer nearly four months loss of production in view of the relocation exercise but successfully stabilized its shop floor performance at both locations and could achieve stable performance in 2008-09. Despite relocation, the Income from Sales and Services increased by 18% to Rs. 9,181 Lac as compared to previous year Rs. 7,811 Lac.

The EBIDTA before exceptional items were up by 3.2% when compared to previous fiscal. In order to maintain the net margin after accommodating the customers demand for price reduction across the Board, the Company has put in place a number of measures namely (i) comprehensive value engineering programme, (ii) aggressive cost cutting measures, etc. In view of the global economic crisis, the Company's order book, particularly with respect to Process Equipment, suffered a setback in last 2/3 quarters.

3) Opportunities and Threats

Your Company has significant opportunities to participate in export of equipment required for the Chemical and Petrochemical Industries worldwide. The senior management has decided to leverage the Company's inherent strengths of engineering and manufacturing of critical Process Equipment and embark on the overall project execution activities in the related industries within the country instead of restricting itself to supply of such equipments only. Your Company continues to face threats in the export market from countries in East Europe and China for Process Equipment. The increase in input costs in the near future and the adverse impact on the exchange rate will affect your Company's margin on exports.

4) Outlook

Your Company has been adversely impacted by the economic slow down primarily in terms of lack of order inflow. Almost all the major export and domestic Companies, who had earlier reached an advanced stage of finalization of the orders with the Company, subsequently deferred their capital expenditure programme. Fortunately, in the last 2-3 months, the customers have revived their interests and some large orders are expected to be received from 3rd quarter and onwards. With the revival of the economic scenario, the management expects a couple of large export orders as well. The management has now started focusing in the domestic market in certain areas namely, Power

Plants, Oil Companies, etc., apart from other Industry sectors namely, Chemical, Petrochemicals, Fertilizers, Refineries, etc., that the Company has been serving for decades. In the area of Food Processing, the Company has successfully established Paddy Dryer for Rice Industry as also Dryer for the Sugar Industry. These equipment have been found to be immensely beneficial for the user Industries. With further technological improvement already effected, the Company foresees considerable growth in sales for both Paddy and Sugar Dryers in the years ahead. As regards Dryers for application in the Tea Industry, the Company expects to achieve higher growth in sales of Tea Dryers both in the export and domestic market in view of the Tea Industry faring quite well.

5) **New Project**

The Company's primary focus is on its product quality. Its products are having diverse applications in various sectors. The Company has drawn up a comprehensive plan for setting up a modern state-of-the-art project for its manufacturing operations. The senior management team has decided to install some new equipment in order to enhance the product quality as also reduce execution time. The proposed Plant layout will be conducive to higher level of production and provide adequate material handling space. The Company has entered into a MOU with Chemetall – Rai India Ltd. for purchase of land admeasuring about 8 acres at MIDC, Plot No. 6, Bhiwandi – Kalyan Road, Saravali, Dist. Thane. The possession of the land is expected in August'09 and the Company expects to complete the project by September'10 and start commercial production at the new site from October'10. The new location is about 20 kms. far from the present location.

The new project will considerably increase Company's production capacity and enhance its competitive edge.

6) **Risks and Concerns**

Slackening growth in the user Industries may affect your Company's prospects. The cost of your Company's primary input i.e. steel needs to remain stable in the near future. Nearly 40% of your Company's sales is exports in USD. Adverse variation in exchange rates will affect margins. Your Company is taking appropriate steps in minimizing these risks and concerns by expanding the customers base both in and outside the country.

7) **Internal Control Systems and their adequacy**

Your Company has an effective and adequate Internal Control System in place which ensures proper and timely financial and operating reporting, maintaining of records, adequacy of requirement of purchase and sale, ensuring compliance with applicable rules and regulations, etc. It is an independent, objective and assurance function, responsible for evaluating and improving the effectiveness of risk management, control and governance process. Your Company has appointed M/s B. K. Khare & Co., Chartered Accountants as Internal Auditors for reviewing and analyzing the effectiveness and adequacy of the Internal Control Systems of the Company. The Internal Auditors submit periodical review reports to the management and the same are presented to the Audit Committee for review and suggestion alongwith Management replies to the observations made by the Internal Auditors. Reporting structure and internal control system has now stabilized after relocation at Mulund and at Taloja.

8) **Human Resource Development**

Human Resource is at the helm of the Company's success pillar. Your Company has an adequate Human Resource policy which looks after development of employees, rewarding merit based performance and raising the skill level of employees.

As on March 31, 2009, the Company had 138 employees on rolls classified as under:

| | Total |
|--------------|--------------|
| Male | 122 |
| Female | 16 |
| Total | 138 |

9) **Gentle word of Caution**

Some of the statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India, tax laws, foreign exchange fluctuation, custom duties, litigations and labour relations.

ANNEXURE "B" FORMING PART OF DIRECTORS' REPORT 2008-09:**INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. Conservation of energy:**

- a) Energy conservation measures taken:
The Company's production activity is not energy intensive.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
The Company is planning to install necessary equipments for optimizing energy usage at its new location.
- c) Impact of the measure at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
Impact of measures being undertaken can be identified after implementation.
- d) Total energy consumption and energy consumption per unit of production:
Total consumption — 139178 KWH
Consumption per unit — 122.20 KWH/M.T

B. Research and Development (R&D):**1. Specific areas in which R&D carried out by the Company:**

- a) Development of tea dryer for drying of Rooibos Bush tea leaves for South Africa.
- b) Development of VFBD system for drying of coke.
- c) Development of vaccum paddle dryer for drying of heat sensitive material. This equipment is much more efficient as compared to rotary vaccum dryer.
- d) Drying of raw as well as parboiled paddy (basmati and non- basmati) to a required moisture level.
- e) Development of high efficient de-dusting system for sugar dryer.

2. Benefits derived as a result of the above R&D:

- a) Replacement of rotary vaccum dryer (batch type) to continuous system with considerable saving in energy and civil cost.
- b) Use of latest technology for drying of paddy not only reduces energy consumption but also increases the drying capacity of paddy mills.
- c) Reduction in fly off in sugar mills as well as reduction in cost.

3. Future plan of action:

Through R&D efforts, continuous improvement will be made in vaccum paddle dryer as well as sugar / paddy systems in terms of utility requirements.

4. Expenditure on R&D:

- | | | |
|--|---|---------------|
| a) Capital | : | Nil |
| b) Recurring | : | Rs. 29.40 Lac |
| c) Total | : | Rs. 29.40 Lac |
| d) Total R&D expenditure as a percentage of total turnover | : | 0.32% |

C. Technology absorption, adaptation and innovation:

- a) Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company maintained its steady pace of adsorption of technology from existing collaborators. Coal drying technology from our collaborators will be applied to the power industry.

- b) Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution, etc.:

Enhancement in Company's capacity to provide a broader range of process plant and systems.

- c) Technology import : NA

D. Foreign exchange earnings and outgo:

- a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans:

The Company's executives visited prospective customers overseas. The Company also actively participated in AICHEM fair and explored available opportunities.

- b) Total foreign exchange used and earned:

| | | |
|-------------------------------|---|---------------|
| Total foreign exchange used | - | Rs. 643 Lac |
| Total foreign exchange earned | - | Rs. 1,686 Lac |

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

I. Company's Philosophy

Continuous maintenance and enhancement of Stakeholders' value has always been at the helm of Company's objectives. The vision of Kilburn Engineering Limited (KEL) is to strive continuously to give optimum returns to Stakeholders' and to uphold the core values of transparency, integrity, honesty, fairness and accountability, which are fundamental to the Company.

The Company endeavours and follows the best ethical and good corporate governance policy and thereby ensures the compliance with all applicable statutory and regulatory provisions of laws. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders.

II. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchanges. The Board of Directors of your Company consists of 6 (Six) Directors, out of these 3 (Three) are Independent Directors. The Chairman of the Board is a Non-Executive Director.

i) Details of Composition & Category of Board, their attendance at the Board Meetings and last Annual General Meeting, Directorship held in other Companies, Committee Chairmanship / Membership held in other Companies:

| Sr. No. | Name of the Director | Category | No. of Board Meetings during the year 2008-09 | | Attendance at the last AGM held on 26.09.08 | Directorship in other public companies ¹ | Committee position held in other public companies ² | |
|---------|--|---------------|---|----------|---|---|--|--------|
| | | | Held | Attended | | | Chairman | Member |
| 1 | Mr. Deepak Khaitan Chairman | Non-Executive | 4 | 4 | No | 7 | — | 1 |
| 2 | Mr. Supriya Mukherjee Managing Director | Executive | 4 | 4 | Yes | 1 | — | — |
| 3 | Mr. Padam Kumar Khaitan ³ | Independent | 4 | 3 | No | 11 | 1 | 2 |
| 4 | Mr. Subir Ranjan Dasgupta | Independent | 4 | 3 | Yes | 2 | — | — |
| 5 | Mr. Amritanshu Khaitan | Non-Executive | 4 | 4 | No | 4 | — | — |
| 6 | Mr. Suvamoy Saha ³ | Independent | 4 | 3 | Yes | 1 | — | — |
| 7 | Mr. Gobind Saraf ⁴ | Independent | NA | NA | NA | 2 | — | — |
| 8 | Mr. Manmohan Singh ⁴ | Independent | NA | NA | NA | 1 | — | — |

¹ Directorship held in Private Companies, Section 25 Companies, Foreign Companies and as Alternate Director is not included.

² Only Audit Committee and Shareholders' Grievance Committee are taken into consideration as per the provisions of Clause 49 of Listing Agreement. None of the Directors of the Company is a member of more than 10 committees or acts as a Chairman of more than 5 committees across all the Companies wherein he is a Director.

³ Resigned from the Board w.e.f. March 31, 2009 & April 11, 2009 respectively.

⁴ Appointed as Additional Directors w.e.f. March 30, 2009.

ii) None of the Non-Executive Directors of the Company have any pecuniary relationship and / or transaction with the Company. The disclosure of fees / compensation, if any, paid to the Non-Executive Directors is done at appropriate place later in this Report on Corporate Governance.

iii) During the year 2008-09, the Board of Directors of your Company met 4 times on 25/06/2008, 31/07/2008, 31/10/2008 and 29/01/2009.

The intervening period between any two meetings did not exceed more than 4 months as prescribed under Clause 49 of the Listing Agreement.

- iv) The compliance reports of all applicable laws are placed before the Board periodically. All the material and important items pertaining to the development and working of the Company is included with a detailed note in the Agenda and the same is circulated to the Board well in advance, so as to enable them to take strategic decisions. The information which could not be circulated to the Board, in advance, is tabled during the Board Meeting. The information as specified in Annexure IA of the Clause 49 of the Listing Agreement is provided to the Board as and when applicable and material.
- v) The Board has adopted "Code of Conduct for Board Members and Senior Management of the Company". All the Board Members and Senior Management have affirmed the compliance with the said Code of Conduct during the year 2008-09. A declaration to this effect signed by Managing Director is appended to this Report of Corporate Governance. The Code of Conduct is available on the website of the Company i.e., www.kilburnengg.com

III. Audit Committee

i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2008-09:

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchanges. The Audit Committee of the Board comprises of following members:

| Name | Position Held | Category |
|--|---------------|--|
| Mr. Suvamoy Saha ¹ | Chairman | Non-Executive Independent Director |
| Mr. Padam Kumar Khaitan ¹ | Member | Non-Executive Independent Director |
| Mr. Supriya Mukherjee | Member | Managing Director |
| Mr. Gobind Saraf ² | Member | Non-Executive Independent Director |
| Mr. Manmohan Singh ² | Member | Non-Executive Independent Director |
| Mr. Subir Ranjan Dasgupta ³ | Member | Non-Executive Independent Director |
| Ms. Ameer B. Joshi | Secretary | Company Secretary & Compliance Officer |

¹ Ceased to be members w.e.f. March 31, 2009 and April 11, 2009 respectively.

² Admitted as members w.e.f. March 30, 2009 and Mr. Gobind Saraf acts as the Chairman w.e.f. May 25, 2009.

³ Admitted as member w.e.f. May 25, 2009.

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. The Chairman of the Audit Committee was present at the previous Annual General Meeting held on 26th September, 2008.

The Chief Financial Officer of the Company and Statutory Auditors are invitees to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the year 2008-09:

During the year 2008-09, four meetings of the Audit Committee were held and attended by the members as per the details given below:

| Sr. No. | Name of Director | Meetings / Attendance | | | |
|---------|-------------------------|-----------------------|------------|------------|------------|
| | | 25/06/2008 | 31/07/2008 | 23/10/2008 | 29/01/2009 |
| 1 | Mr. Suvamoy Saha | Present | Present | Present | Present |
| 2 | Mr. Padam Kumar Khaitan | Present | Present | Present | Present |
| 3 | Mr. Supriya Mukherjee | Present | Present | Present | Present |
| 4 | Mr. Gobind Saraf | NA | NA | NA | NA |
| 5 | Mr. Manmohan Singh | NA | NA | NA | NA |

The minutes of Audit Committee are noted by the Board of Directors of the Company at the Board meeting after getting approved by the Audit Committee.

ii) Terms of reference:

The terms of reference of the Audit Committee includes the mandatory matters specified in Clause 49 of the Listing Agreement and also covers the matters specified under Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as under:

- a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock Exchanges and the Company Law requirements and to ensure that the financial statements are correct and credible.
- b) Review of quarterly, half yearly and annual financial statements before submission to the Board for approval.
- c) Review of Management Discussion & Analysis of financial condition, results of operations and statement of significant related party transactions.
- d) Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and Internal Auditors and the fixation of audit fees.
- e) Review of adequacy of internal control systems, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit and further recommending to the Internal Auditors the nature and scope of internal audit.
- f) Review of reports of Statutory and Internal Auditors and replies of the management thereof.
- g) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Review of the annual financial statements with the management before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment of management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosures of any related party transactions.
 - Qualifications in the draft audit report.
- i) Review of management representation letters to be issued to the Statutory Auditors.
- j) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- k) Reviewing compliances as regards the Company's Whistle Blower Policy.

IV. Remuneration Committee

i) Composition of the Remuneration Committee, particulars of meetings held and attended during the year 2008-09:

The Board has constituted Remuneration Committee for fixing and approving the remuneration / commission payable to Executive and Non-Executive Directors of the Company, however, subject to the approval of shareholders wherever necessary. The details of composition of Remuneration Committee is as follows:

| Name | Position Held | Category |
|--------------------------------------|---------------|------------------------------------|
| Mr. Padam Kumar Khaitan ¹ | Chairman | Non-Executive Independent Director |
| Mr. Suvamoy Saha ¹ | Member | Non-Executive Independent Director |
| Mr. Subir Ranjan Dasgupta | Member | Non-Executive Independent Director |
| Mr. Gobind Saraf ² | Member | Non-Executive Independent Director |
| Mr. Manmohan Singh ² | Member | Non-Executive Independent Director |

¹ Ceased to be members w.e.f. March 31, 2009 and April 11, 2009 respectively.

² Admitted as members w.e.f. March 30, 2009. Mr. Gobind Saraf acts as the Chairman w.e.f. May 25, 2009.

No meeting of Remuneration Committee was held during the year 2008-09.

ii) Terms of reference:

- a) To determine and set forth, in consultation with Board, the Remuneration package of Executive Directors of the Company;
- b) To determine and approve the remuneration and commission / incentive payable to the Managing Director of the Company for each financial year;
- c) To approve the sitting fees / commission payable to the Non-Executive Directors of the Company;
- d) To approve, in the event of loss or inadequacy of profits in any given financial year, the minimum remuneration payable to the Managing Director and Wholtime Directors within the limits as specified in Schedule XIII of the Companies Act, 1956.

iii) Employee Stock Option Scheme:

The Company does not have any Employee Stock Option Scheme in place.

iv) Remuneration Policy:

The Company's remuneration policy is based on the link between individual performance and business performance. Through its Remuneration policy, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The remuneration to the Directors is determined by the Board within the statutory limits based on the recommendation of Remuneration Committee and subject to the approval of shareholders and Central Government, if required.

The details of remuneration paid to Executive Director during the year 2008-09 is as follows:

| | | | | | | | | | (Rs. In Lac) |
|------------------------|-------------------|--------|-------|-------------|----------------------------------|-------|-----------------------------------|-----------------------------|---------------|
| Name | Category | Salary | Bonus | Perquisites | Contribution to Retirement funds | Total | Equity Shares held as on 31.03.09 | Tenure as per the Agreement | Notice Period |
| Mr. Supriya Mukherjee* | Managing Director | 54.00 | 15.00 | 3.08 | 8.10 | 80.18 | NIL | From 01.04.08 till 31.03.11 | 6 months |

* The Board of Directors have at their meeting held on March 31, 2008 appointed Mr. Supriya Mukherjee as Managing Director for a period of three years commencing from April 1, 2008, which was approved at the previous Annual General Meeting held on September 26, 2008. The Company has also received approval of Central Government vide letter no. SRN/A 40311862-CL.VII dated December 12, 2008 for appointment of and remuneration payable to Mr. Supriya Mukherjee for a period of three years w.e.f. 01.04.2008.

The details of relationship between Directors inter-se, sitting fees paid to Non-Executive Directors during the year 2008-09 and the number of equity shares held by them is as follows:

| Name | Relationship between Directors inter-se | Sitting fees paid for Board Meetings and Committee Meetings (In Rs.) | Number of Equity Shares held in KEL as on March 31, 2009 |
|---------------------------|---|--|--|
| Mr. Deepak Khaitan | Father of Mr. Amritanshu Khaitan | 12,000 | 1,201 |
| Mr. Amritanshu Khaitan | Son of Mr. Deepak Khaitan | 12,000 | NIL |
| Mr. Suvamoy Saha | — | 30,000 | 10,000 |
| Mr. Padam Kumar Khaitan | — | 30,000 | NIL |
| Mr. Subir Ranjan Dasgupta | — | 9,000 | 19,000 |
| Mr. Gobind Saraf | — | NA | NIL |
| Mr. Manmohan Singh | — | NA | NIL |

The Non-Executive Directors are paid sitting fees of Rs. 3,000/- for each meeting of the Board and of Committee thereof attended by them. Except for sitting fees, Non-Executive Directors are not paid any remuneration and / or commission.

V. Shareholders' / Investors' Grievance cum Share Transfer Committee

The Board has at its meeting held on April 30, 2003 constituted Shareholders'/Investors' Grievance Committee in line with the requirements of Clause 49 of the Listing Agreement. The name of the Committee was changed to "Shareholders'/Investors' Grievance cum Share Transfer Committee" by the Board of Directors of the Company at their meeting held on January 29, 2009, thereby vesting additional powers to approve and register Share Transfer and Transmission.

i) The Committee as of March 31, 2009 comprises of following members:

| Name | Position Held | Category |
|--------------------------------------|---------------|------------------------------------|
| Mr. Padam Kumar Khaitan ¹ | Chairman | Non-Executive Independent Director |
| Mr. Suvamoy Saha ¹ | Member | Non-Executive Independent Director |
| Mr. Supriya Mukherjee | Member | Managing Director |
| Mr. Gobind Saraf ² | Member | Non-Executive Independent Director |
| Mr. Manmohan Singh ² | Member | Non-Executive Independent Director |

¹ Ceased to be members w.e.f. March 31, 2009 and April 11, 2009 respectively.

² Admitted as members w.e.f. March 30, 2009. Mr. Gobind Saraf acts as the Chairman w.e.f. May 25, 2009.

ii) Name and Designation of Compliance Officer:

Mr. B. N. Shah, Company Secretary was the Compliance Officer of the Company till November 15, 2008. Consequent to his resignation, Ms. Ameet B. Joshi, Company Secretary acts as the Compliance Officer of the Company w.e.f. December 15, 2008.

iii) Meetings and Attendance during the year 2008-09:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated severally to Mr. Supriya Mukherjee, Managing Director, Mr. A. Suresh, Chief Financial Officer and Ms. Ameet B. Joshi, Company Secretary. The request for share transfer/transmission, dematerialization/rematerialisation and issue of new share certificates in lieu of old/worn out/lost/defaced/split/consolidation, etc., is processed and attended atleast once in a fortnight in co-ordination with M/s Maheshwari Datamatics Pvt. Ltd., Registrars & Transfer Agents of the Company.

All the above requests processed during a quarter are then taken into record for approval of Shareholders'/Investors' Grievance cum Share Transfer Committee.

During the year 2008-09, four meetings were held and attended by the members as per the details given below:

| Sr. No. | Name of Director | Meetings / Attendance | | | |
|---------|-------------------------|-----------------------|------------|------------|------------|
| | | 25/06/2008 | 31/07/2008 | 31/10/2008 | 29/01/2009 |
| 1. | Mr. Padam Kumar Khaitan | Present | Present | Present | Absent |
| 2 | Mr. Suvamoy Saha | Present | Present | Absent | Present |
| 3 | Mr. Supriya Mukherjee | Present | Present | Present | Present |
| 4 | Mr. Gobind Saraf | NA | NA | NA | NA |
| 5 | Mr. Manmohan Singh | NA | NA | NA | NA |

iv) Terms of reference:

- To look into the redressal of shareholders and investors complaints like non-receipt of notices / annual reports, non-receipt of declared dividends, non-receipt of share certificates, etc;
- To approve and register share transfer and transmission;
- To expedite the process of dematerialization and / or rematerialisation of shares;
- To take on record the Certificate taken under Clause 47 (c) of the Listing Agreement from Practising Company Secretary.

v) Details of Investors' Complaints/Grievance and their status:

The details of Investors' Complaints received and redressed by the Company and M/s Maheshwari Datamatics Pvt. Ltd. during the year 2008-09 is as follows:

| Nature of Complaints | Number of Complaints Received | Number of Complaints Resolved |
|--|-------------------------------|-------------------------------|
| Non-receipt of Declared Dividend | NIL | NIL |
| Non-receipt of Share Certificates | 2 | 2 |
| Non-receipt of Annual Reports | NIL | NIL |
| Shares not dematerialized / rematerialised | NIL | NIL |
| Others | NIL | NIL |
| Total | 2 | 2 |

VI. General Body Meetings**i) Details of last three Annual General Meetings (AGM):**

| Financial year | AGM No. | Day & Date | Venue | Time |
|----------------|---------|------------------------------|---|------------|
| 2007-08 | 20th | Friday, 26th September, 2008 | Williamson Magor Hall, The Bengal Chamber of Commerce and Industry, 6, Netaji Subhash Road, Kolkata – 700 001 | 10.00 a.m. |
| 2006-07 | 19th | Tuesday, 27th August, 2007 | -do- | 11.00 a.m. |
| 2004-06 | 18th | Thursday, 29th June, 2006 | -do- | 11.00 a.m. |

ii) Details of Special resolutions passed in last three Annual General Meetings (AGM):

| AGM No. | No. of Special resolutions passed | Particulars of Special resolutions |
|---------|-----------------------------------|---|
| 20th | 2 (Two) | 1. Appointment of Mr. Supriya Mukherjee as Managing Director of the Company for a period of three years w.e.f. April 1, 2008. 2. Keeping of Register of Members / Debentureholders and other documents specified under Section 159 and 160 of the Companies Act, 1956 at the office of Registrars and Share Transfer Agents of the Company i.e., M/s Maheshwari Datamatics Pvt. Ltd. |
| 19th | NIL | NA |
| 18th | 1 (One) | Re-appointment of Mr. V. R. Sinha as Managing Director of the Company for a period of 1 year from April 1, 2007 and revision in the remuneration w.e.f. April 1, 2006. |

iii) Details of resolutions passed through Postal Ballot:

During the year 2008-09, none of the resolution was passed through Postal Ballot. As on date of this Report, none of the resolutions are proposed to be passed through Postal Ballot. As and when required, the Postal Ballot shall be conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 and The Companies (Passing of Resolutions through Postal Ballot) Rules, 2001.

VII. Disclosures**i) Related party transactions:**

Related party transactions have been disclosed under Note 18 of Schedule 17B of Audited Accounts in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

No material transactions are entered with related parties in conflict with the interest of the Company's business. All the transactions with related parties are entered at arm's length price. The Disclosure of interest in any

transaction is made to the Board every year by the Directors as and when they become interested. Further, interested Directors neither participate nor vote in the resolution wherein they have potential interest.

ii) Disclosure of Accounting treatment:

The financial statements of the Company for the year ended March 31, 2009 are prepared in conformity with the Accounting Standards.

iii) Risk Assessment:

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company. The Board of Directors periodically reviews the procedure of Risk Assessment and Management and thereby frame a properly defined network with help of which executive management can control risks. The details of risks associated with the Company and the ways to mitigate those risks are discussed in Management Discussion & Analysis Report annexed to the Directors' Report.

iv) Proceeds from public issues, rights issues, preferential issues, etc.:

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

v) Remuneration of Directors:

Already disclosed in Clause IV "Remuneration committee" section.

vi) Management:

- a) Management Discussion & Analysis report is attached as annexure "A" to Directors' Report.
- b) Disclosure from Senior Management personnel has been received giving details of their personal interest, if any, which is likely to have a potential conflict with the interest of the Company as on March 31, 2009.

vii) Shareholders:

The brief profile and other information pertaining to Directorship held in other Companies, shareholding, etc, of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company is attached to the Notice of Annual General Meeting.

viii) Compliances:

- a) During the last three years ending on March 31, 2009, there were no non-compliances, penalties, strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.
- b) The Company has fully complied with all the statutory requirements of Listing Agreement entered into with Stock Exchanges including mandatory requirements of Clause 49.
- c) The details of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is as follows;
 - i) The Board has set up a Remuneration Committee to determine competitive remuneration package of Executive Directors of the Company. The detail of Remuneration Committee is given earlier in this report.
 - ii) The observations of the Auditors has been dealt with in the Directors' Report.
 - iii) Whistle Blower Policy:

The Company has established a mechanism for employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguard to the victimized employees and spreads the way to curb those practices being followed in the office premises. None of the personnel of the Company has been denied access to the Audit Committee.

ix) Means of Communication:**a) Financial results**

The quarterly, half yearly and annual results of the Company in the format prescribed under Clause 41 of the Listing Agreement are published in prominent dailies such as Business Standard/Free Press Journal (English) and Sangbad Pratidin/Aajkal (Bengali) and also posted on the website of the Company i.e., www.kilburnengg.com

b) Other information

Important official news and presentation made to institutional investors and / or to the analysts is also posted on the Company's website www.kilburnengg.com, as and when released.

x) CEO/CFO Certificate:

The CEO/CFO Certificate for the year ended March 31, 2009 as required under Clause 49(V) of the Listing Agreement, was placed and taken on record at the Board Meeting of the Company held on June 29, 2009.

xi) Certificate of compliance:

The Certificate of Practising Company Secretary confirming compliance with all requirement of the Clause 49 of the Listing Agreement for the year ended March 31, 2009, is appended to this report and forms part of the Directors' Report.

xii) Insider Trading Code:

The Company has adopted Code of Conduct for Prevention of Insider Trading in line with "Model Code of Conduct for Insider Trading" given in Schedule I of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended till date. The Code of Conduct elaborates ways and measures to deal with unpublished price sensitive information and restricts the insider trading by any of the Directors and Senior Management personnel of the Company.

xiii) General Shareholders Information:**a) Annual General Meeting**

Date : Tuesday, September 29, 2009
 Time : 11:00 a.m.
 Venue : Williamson Magor Hall, The Bengal Chamber of Commerce and Industry,
 6, Netaji Subhash Road, Kolkata - 700 001.

b) Financial year 2009-10 (tentative schedule)

Quarter Results

Ending on June 30, 2009 : Last week of July 2009
 Ending on September 30, 2009 : Last week of October 2009
 Ending on December 30, 2009 : Last week of January 2010
 Year ended March 31, 2010 : In the month of June 2010
 AGM is proposed to be held in September 2010

c) Date of Book Closure : 23rd September, '09 to 29th September, '09 (both days inclusive)

d) Dividend Payment date : On or after October 3, 2009.

e) Listing on Stock Exchanges : The Bombay Stock Exchange Ltd. (BSE), Mumbai

The Calcutta Stock Exchange Association Ltd. (CSE), Kolkata

The Annual Listing fees for the year 2008-09 has been paid to the above two Stock Exchanges within the stipulated time.

f) Stock Code :

The Bombay Stock Exchange Ltd. : 522101

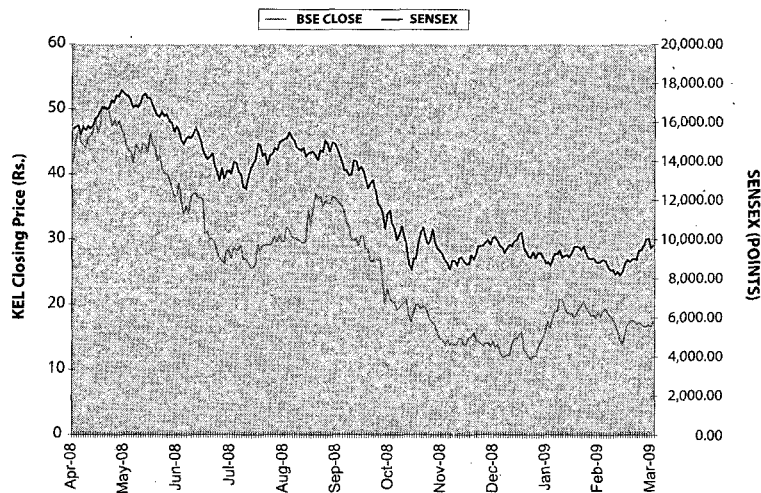
The Calcutta Stock Exchange
 Association Ltd. : 21022

g) Stock Market Price Data:

| Month & Year | Share Price of KEL on BSE | | | | BSE Sensex | |
|----------------|---------------------------|-------------------|-----------------------------|----------------------------------|----------------------------|---------------------------|
| | Month's High (Rs.) | Month's Low (Rs.) | Month's Closing Price (Rs.) | Volume of shares traded (In no.) | Month's High (Index point) | Month's Low (Index point) |
| April 2008 | 51.00 | 40.10 | 48.00 | 160285 | 17480.74 | 15297.96 |
| May 2008 | 48.85 | 40.00 | 40.15 | 404072 | 17735.70 | 16196.02 |
| June 2008 | 40.60 | 25.70 | 28.15 | 98246 | 16632.72 | 13405.54 |
| July 2008 | 30.40 | 24.00 | 29.55 | 63791 | 15130.09 | 12514.02 |
| August 2008 | 41.00 | 28.00 | 36.50 | 183203 | 15579.78 | 14002.43 |
| September 2008 | 37.90 | 24.05 | 26.70 | 118180 | 15107.01 | 12153.55 |
| October 2008 | 29.35 | 14.85 | 20.00 | 105366 | 13203.86 | 7697.39 |
| November 2008 | 22.00 | 12.25 | 14.70 | 67225 | 10945.41 | 8316.39 |
| December 2008 | 16.00 | 12.00 | 14.00 | 121686 | 10188.54 | 8467.43 |
| January 2009 | 20.90 | 11.51 | 20.90 | 303263 | 10469.72 | 8631.60 |
| February 2009 | 22.45 | 17.20 | 19.35 | 231221 | 9724.87 | 8619.22 |
| March 2009 | 19.65 | 13.75 | 17.50 | 533019 | 10127.09 | 8047.17 |

h) Performance of share price of the Company in comparison to BSE Sensex:

KEL Share Price and Sensex Movement (For FY 2008-09)



- i) Registrars and Transfer Agents :** M/s Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001.
Tel No. : (033) 2243 5809 / 5029; 2248 2248
Fax No. : (033) 2248 4787

j) Share Transfer System:

The physical transfer of shares is processed and approved by the Company in co-ordination with M/s Maheshwari Datamatics Pvt. Ltd., atleast once in every fortnight. The Share Certificates after effecting transfer are despatched to the shareholders within 30 days from the date of receipt of transfer request.

The transfer of shares held in Demat mode is processed electronically by M/s Maheshwari Datamatics Pvt. Ltd. within 12 to 14 days from the date of receipt of the request.

The Shares of the Company are compulsorily traded in dematerialized form.

k) Distribution of shareholding as on March 31, 2009:

| Equity Shares held | No. of Shareholders | % of Shareholders | Number of Shares held | % of Shares held |
|--------------------|---------------------|-------------------|-----------------------|------------------|
| 1-500 | 8528 | 88.94 | 1394720 | 10.34 |
| 501-1000 | 555 | 5.79 | 458167 | 3.40 |
| 1001-2000 | 220 | 2.29 | 343006 | 2.54 |
| 2001-3000 | 93 | 0.97 | 248025 | 1.84 |
| 3001-4000 | 32 | 0.33 | 116053 | 0.86 |
| 4001-5000 | 36 | 0.38 | 174192 | 1.29 |
| 5001-10000 | 53 | 0.55 | 412183 | 3.05 |
| Above 10000 | 72 | 0.75 | 1034454 | 76.68 |
| Total | 9589 | 100.00 | 13490800 | 100.00 |

Shareholding pattern as on March 31, 2009:

| | Category | No. of Shares held | Percentage of Shareholding | No. Shares Pledged or otherwise encumbered | Percentage of Shares Pledged |
|----------|------------------------------------|--------------------|----------------------------|--|------------------------------|
| A | Promoters' Holding | | | | |
| | 1 Promoters | | | | |
| | Indian Promoters | 7574922 | 56.15 | 3000000 | 39.60 |
| | Foreign Promoters | — | — | — | — |
| B | Public Shareholding | | | | |
| | 2 Institutional Investors | | | | |
| | a. Mutual Funds and UTI | 2100 | 0.02 | — | — |
| | b. Banks, Financial Institutions | 1900 | 0.01 | — | — |
| | c. Insurance Companies | 12230 | 0.09 | — | — |
| | d. Foreign Institutional Investors | — | — | — | — |
| | 3 Others | | | | |
| | a. Bodies Corporate | 1447769 | 10.73 | | |
| | b. Indian Public | 4418653 | 32.75 | | |
| | c. NRIs / OCBs | 33226 | 0.25 | | |
| d. HUF | | | | | |
| | Total (1+2+3) | 13490800* | 100.00 | 3000000 | 22.24 |

* During the year 2008-09, 44,738 equity shares were bought back by the Company. Of these, 39,738 equity shares were awaiting extinguishment as on March 31, 2009 which was subsequently done and due to which the paid up equity capital of the Company stands reduced to Rs. 13,45,10,620/-.

l) Dematerialization of shares and liquidity:

The Company's Shares are traded in dematerialized form and are available for trading in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2009, 95.34% of outstanding Equity shares of the Company are held in dematerialized form.

ISIN No. of the Company's Equity Shares is : **INE338F01015**

m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : **NIL**

- n) **Plant Location** : Kilburn Engineering Limited
C/o Puntual Trading Limited,
Plot No. E/32, MIDC,
Taloja Industrial Area, District Raigarh,
Maharashtra – 410 208.
- o) **Address for Correspondence** : **Registered Office**
Four Mangoe Lane,
Surendra Mohan Ghosh Sarani, Kolkata – 700 001.
- Corporate Office**
112, Minerva Industrial Estate, P. K. Road,
Mulund (West), Mumbai – 400 080.
- Registrars & Transfer Agents**
M/s. Maheshwari Datamatics Pvt. Ltd.,
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001.

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Mr. Supriya Mukherjee, Managing Director of the Company do hereby give this declaration pursuant to Clause 49(I)(D) of the Listing Agreement;

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company i.e., www.kilburnengg.com. All the Board Members and Senior Management personnel have affirmed compliance with the code for the year ended March 31, 2009.

Kolkata, June 29, 2009

Supriya Mukherjee
Managing Director

CORPORATE GOVERNANCE CERTIFICATE

To,

The members of Kilburn Engineering Limited

We have examined the compliance of the conditions of Corporate Governance by Kilburn Engineering Limited for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of 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 representations 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 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.

For D. M. SATHE & CO.
COMPANY SECRETARIES

D. M. SATHE
PROP.
Membership No.12641
C. P. No. 3991
Thane, June 29, 2009

AUDITORS' REPORT

TO THE MEMBERS OF KILBURN ENGINEERING LIMITED

1. We have audited the attached Balance Sheet of Kilburn Engineering Limited as at 31st March, 2009, 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.
2. We conducted our audit in accordance with 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 misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (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 those books.
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the 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 as of 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed/reappointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (f) Without qualifying our opinion, we draw attention to Note 2(c) of Schedule 17B to the financial statements relating to certain contingencies affecting the financial statements. We have relied on the legal opinion obtained by the Company in this matter.
 - (g) Attention is invited to the following note in Schedule 17B;

Note no. 3 regarding non provision for balance consideration of Rs. 5,850 Lacs receivable for sale of company's property at Mumbai for the reasons stated therein. We are unable to express an opinion in this matter.

Subject to the aforesaid, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Significant Accounting Policies and other Notes on Accounts, 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, 2009;
- (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 flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

R Salivati
Partner

Membership No: 34004

Place : Mumbai

Date : June 30, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of Kilburn Engineering Ltd.
on the accounts for the year ended 31st March, 2009)

- (i) In respect of it's fixed assets:
 - (a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets.
 - (b) Most of the fixed assets were physically verified during the year by the management. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) As elaborated at Note 3 of Schedule 17B of the financial statements, the company has disposed off it's Bhandup property. No substantial part of fixed asset in use has been disposed off during the year. Also, in view of the Company's concrete plans to relocate operations to non-urban area, in our opinion, going concern is not affected.
- (ii) In respect of the Company's inventories:
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, there are no loans, secured or unsecured, granted/taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.

- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weakness in internal control system.
- (v) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements required to be entered in the register have been so entered.
 - (b) An arrangement entered in to with Williamson Magor & Co. Ltd. for rendering of certain services, is of a special nature for which comparable quotations are not available. We have relied on the representations made by the management about reasonableness of the consideration paid/payable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system that is commensurate with it's size and nature of it's business.
- (viii) To the best of our knowledge and as explained to us, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured by the Company.
- (ix) According to the information and explanations given to us and based on the records examined by us, in respect of statutory and other dues:
 - (a) The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty and other material statutory dues during the year.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no disputed Income tax, Sales tax, Custom duty, Wealth tax, Excise duty and Cess dues which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit and according to the information and explanations given to us, there are no defaults in repayments of dues to financial institutions, banks and debentureholders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

- (xv) According to the information and explanations given to us, there are no guarantees given by the Company for loans taken by others from banks and financial institutions.
- (xvi) The Company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet of the Company, we are of the opinion that, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

R Salvati
Partner
Membership No: 34004

Place : Mumbai
Date : June 30, 2009

BALANCE SHEET

As at 31st March, 2009

| | Schedule | As at 31st March, 2009 | | As at 31st March, 2008 | |
|--|----------|---------------------------|------------------|---------------------------|-----------------|
| | | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds : | | | | | |
| Share Capital | 1 | | 1,345.11 | | 1,349.58 |
| Reserves and Surplus | 2 | | 8,769.40 | | 1,850.79 |
| Loan Funds : | | | | | |
| Secured Loans | 3 | 1,206.23 | | 1,007.36 | |
| Unsecured Loans | 4 | 30.85 | 1,237.08 | 30.85 | 1,038.21 |
| Deferred Tax Liability (Note 10 of Schedule 17B) | | | 51.81 | | — |
| | | | <u>11,403.40</u> | | <u>4,238.58</u> |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets : | | | | | |
| Gross Block | 5 | 873.34 | | 1,063.95 | |
| Less : Depreciation | | 295.71 | | 594.38 | |
| Net Block | | 577.63 | | 469.57 | |
| Capital Work in Progress (Including capital advances) | | 455.18 | 1,032.81 | 338.19 | 807.76 |
| Investments | 6 | | 64.67 | | 80.23 |
| Deferred Tax Asset (Note 10 of Schedule 17B) | | | — | | 306.99 |
| Current Assets, Loans and Advances : | | | | | |
| Inventories | 7 | 1,723.32 | | 1,855.64 | |
| Sundry Debtors | 8 | 2,307.38 | | 1,693.40 | |
| Cash and Bank Balances | 9 | 2,145.67 | | 3,237.41 | |
| Loans and Advances | 10 | 9,015.48 | | 793.56 | |
| | | <u>15,191.85</u> | | <u>7,580.01</u> | |
| Less : Current Liabilities and Provisions | 11 | | | | |
| Current Liabilities | | 3,628.81 | | 4,237.79 | |
| Provisions | | 1,268.03 | | 381.49 | |
| | | <u>4,896.84</u> | | <u>4,619.28</u> | |
| Net Current Assets | | | 10,295.01 | | 2,960.73 |
| Miscellaneous Expenditure | 12 | | 10.91 | | 16.37 |
| (To the extent not written off or adjusted) | | | | | |
| Profit and Loss Account | | | — | | 66.50 |
| | | | <u>11,403.40</u> | | <u>4,238.58</u> |
| Significant Accounting policies & Notes to accounts | 17 | | | | |

The Schedules referred to above form an integral part of the Balance Sheet of the Company.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of

DELOITTE HASKINS & SELLS

Chartered Accountants

R. Salivati

Partner

Membership No.34004

Place: Mumbai

Date: June 30, 2009

For and on behalf of the Board of Directors

Supriya Mukherjee

Managing Director

A. Suresh

Chief Financial Officer

Amritanshu Khaitan

Director

Amees B. Joshi

Company Secretary

Place: Kolkata

Date: June 29, 2009

PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2009

| | Schedule | Year ended | Year ended |
|---|----------|------------------|------------------|
| | | 31st March, 2009 | 31st March, 2008 |
| | | Rs. In Lac | Rs. In Lac |
| INCOME | | | |
| Sales and Services | 13 | 9,181.22 | 7,811.29 |
| Excise Duty | | (683.02) | (602.80) |
| | | 8,498.20 | 7,208.49 |
| Other Income | 14 | 386.52 | 239.12 |
| | | 8,884.72 | 7,447.61 |
| EXPENDITURE | | | |
| Operating Expenses | 15 | 8,010.65 | 7,316.30 |
| (Increase)/Decrease in Stock of Finished Goods and Work in Progress | 16 | 302.06 | (354.05) |
| Depreciation | 5 | 120.68 | 48.81 |
| Diminution in value of Investments | | 15.56 | 46.86 |
| Interest (Note 8 of Schedule 17B) | | 144.85 | 138.24 |
| | | 8,593.80 | 7,196.16 |
| Profit before Prior Period Item, Extraordinary Item and Tax | | 290.92 | 251.45 |
| Less: Prior Period Items (Note 16 of Schedule 17B) | | 3.15 | 3.16 |
| Profit Before Taxation and Extraordinary Item | | 287.77 | 248.29 |
| Current Tax (MAT Credit Adjustment) | | — | (93.55) |
| Fringe Benefit Tax | | 17.30 | 18.23 |
| Deferred Tax | | 358.80 | 179.94 |
| (Loss)/ Profit Before Extraordinary Item | | (88.33) | 143.67 |
| Extraordinary Item (Net of Tax) (Note 3 of Schedule 17B) | 17 | 7,391.72 | 2,633.60 |
| Profit After Extraordinary Item | | 7,303.39 | 2,777.27 |
| Balance Brought Forward from Previous Year | | (66.50) | (2,843.77) |
| Amount available for Appropriation | | 7,236.89 | (66.50) |
| Less: Appropriations | | | |
| Proposed Dividend | | 269.02 | — |
| Tax on Dividend | | 45.72 | — |
| Transfer to Capital Redemption Reserve | | 4.48 | — |
| Transfer to General Reserve | | 730.34 | — |
| Balance Carried Forward to Balance Sheet | | 6,187.33 | (66.50) |
| Basic & Diluted Earning Per Share of Rs. 10 Each (Note 13 of Schedule 17B) | | | |
| EPS - Before Extraordinary items | | (0.65) | 1.06 |
| EPS - After Extraordinary items | | 54.12 | 20.58 |
| Significant Accounting policies & Notes to accounts | 17 | | |

The Schedules referred to above form an integral part of the Profit and Loss Account of the Company.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of

DELOITTE HASKINS & SELLS

Chartered Accountants

R. Salivati

Partner

Membership No.34004

Place: Mumbai

Date: June 30, 2009

For and on behalf of the Board of Directors

Supriya Mukherjee
Managing Director

Amritanshu Khaitan
Director

A. Suresh
Chief Financial Officer

Amee B. Joshi
Company Secretary

Place: Kolkata

Date: June 29, 2009

CASH FLOW STATEMENT

For the year ended 31st March, 2009

| | Year ended | Year ended |
|--|-------------------|------------------|
| | 31st March, 2009 | 31st March, 2008 |
| | Rs. In Lac | Rs. In Lac |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Taxation and Extraordinary Item | 287.77 | 248.29 |
| Adjustment for : | | |
| Depreciation | 120.68 | 48.81 |
| Provision for Dimunition in value of investments | 15.56 | 46.86 |
| (Profit)/Loss on sale of fixed assets/fixed assets written off | 2.89 | — |
| Provision for liquidated damages, Warranties written back | (47.00) | — |
| Bad debts provision written back | (0.89) | (34.30) |
| Bad debts written off | 1.55 | — |
| Write off of Rights Issue Expenses | 5.46 | 5.46 |
| Provision for doubtful advances | 7.82 | 37.36 |
| Provision for Warranty | 3.52 | 102.23 |
| Creditors written back | (53.01) | (14.53) |
| Interest charged | 144.85 | 138.24 |
| Dividend Income | (0.67) | (0.67) |
| Interest Income | (120.03) | (100.68) |
| Operating profit before working capital changes | 368.50 | 477.07 |
| Adjustment for : | | |
| Trade and Other Receivables | (2,126.60) | 74.07 |
| Inventories | 132.31 | (343.40) |
| Trade and Other Payables | 47.23 | 142.19 |
| Cash Generated from Operations | (1,578.56) | 349.93 |
| Direct Taxes paid | (60.23) | (363.84) |
| Cash Flow from Operating Activities | (1,638.79) | (13.91) |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (410.89) | (389.57) |
| Sale of Fixed Assets | 2.80 | — |
| Interest received | 120.03 | 100.68 |
| Dividend received | 0.67 | 0.67 |
| Equity Shares Bought Back | (8.95) | — |
| Inter corporate deposit | (1,195.24) | (85.00) |
| Cash from Investing Activities | (1,491.58) | (373.22) |
| Extraordinary Item : | | |
| Sale of immoveable property including advance, net of expense | 1,983.92 | 3,639.35 |
| Net Cash from Investing Activities | 492.34 | 3,266.13 |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase in Bank Borrowings | 199.56 | 571.33 |
| Repayment of Borrowings | — | (1,018.69) |
| Interest paid to Banks/Others | (144.85) | (140.09) |
| Net Cash used in Financing Activities | 54.71 | (587.45) |
| Net Increase/(decrease) in cash & cash equivalents (A+B+C) | (1,091.74) | 2,664.77 |
| Cash & Cash Equivalents - Opening Balance | 3,237.41 | 572.64 |
| Cash & Cash Equivalents - Closing Balance | 2,145.67 | 3,237.41 |

Cash and Cash Equivalent includes Fixed Deposits of Rs. 356.38 Lac. (previous year Rs. 372.59 Lac) which are charged against guarantees issued by bank.

For and on behalf of
DELOITTE HASKINS & SELLS
Chartered Accountants

R. Salivati
Partner
Membership No.34004
Place: Mumbai
Date: June 30, 2009

For and on behalf of the Board of Directors
Supriya Mukherjee
Managing Director
Amritanshu Khaitan
Director
A. Suresh
Chief Financial Officer
Amees B. Joshi
Company Secretary

Place: Kolkata
Date: June 29, 2009

Schedules to the Accounts

| | As at 31st March, 09 | | As at 31st March, 08 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac |
| 1. SHARE CAPITAL | | | | |
| Authorised | | | | |
| 8,252,100 Redeemable Preference Shares of Rs.10 Each | 825.21 | | 825.21 | |
| 21,747,900 Equity Shares of Rs. 10 Each | 2,174.79 | 3,000.00 | 2,174.79 | 3,000.00 |
| Issued, Subscribed and Paid-Up | | | | |
| 13,451,062 (Previous Year 13,495,800) Equity Shares of Rs.10 Each | | 1,345.11 | | 1,349.58 |
| Notes: | | | | |
| The above is net off 44,738 shares bought back during the year including 39,738 shares awaiting extinguishment. (Note 23 of Schedule 17B) | | | | |
| Out of the above, 528,000 equity shares were allotted as fully paid to Williamson Magor and Co. Ltd., for consideration other than cash for acquisition of its Kilburn Division pursuant to the scheme of arrangement approved by the Kolkata High Court. | | | | |
| | | <u>1,345.11</u> | | <u>1,349.58</u> |
| 2. RESERVES AND SURPLUS | | | | |
| Capital Reserve | | | | |
| Balance As Per Last Balance Sheet | | 0.08 | | 0.08 |
| Capital Redemption Reserve | | | | |
| Transfer from Profit and Loss Account (Note 23 of Schedule 17B) | | 4.48 | | — |
| Securities Premium Account | | | | |
| Balance As Per Last Balance Sheet | 1,850.71 | | 1,850.71 | |
| Less: Adjustment on account of shares bought back | 3.54 | 1,847.17 | — | 1,850.71 |
| General Reserve | | | | |
| Transfer from Profit and Loss Account | | 730.34 | | — |
| Profit and Loss Account | | | | |
| | | <u>6,187.33</u> | | — |
| | | <u>8,769.40</u> | | <u>1,850.79</u> |
| 3. SECURED LOANS | | | | |
| From Banks (Note 6 of Schedule 17B) | 1,206.23 | | 1,006.67 | |
| Interest Accrued and due | — | 1,206.23 | 0.69 | 1,007.36 |
| | | <u>1,206.23</u> | | <u>1,007.36</u> |
| 4. UNSECURED LOANS | | | | |
| Deferred Liability (Note 7 of Schedule 17B) | | 30.85 | | 30.85 |
| | | <u>30.85</u> | | <u>30.85</u> |

5. FIXED ASSETS

(Rs. In Lac)

| PARTICULARS | GROSS BLOCK (At cost) | | | | DEPRECIATION | | | | NET BLOCK | NET BLOCK |
|--------------------------|------------------------|---------------|------------------------|-------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| | Balance as on 1-Apr-08 | Additions | Deduction on Disposals | Balance as on 31-Mar-09 | Balance as on 1-Apr-08 | Deduction on disposals | Provision for the year | Balance as on 31-Mar-09 | Balance as on 31-Mar-09 | Balance as on 31-Mar-08 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Land | 8.44 | — | 8.44 | — | — | — | — | — | — | 8.44 |
| Building | 262.94 | — | 198.21 | 64.73 | 113.18 | 114.49 | 7.71 | 6.40 | 58.33 | 149.84 |
| Furniture and Fittings | 79.05 | 51.35 | 62.30 | 68.10 | 53.63 | 47.92 | 6.33 | 12.04 | 56.06 | 25.33 |
| Electrical Installations | 27.21 | 3.50 | 25.90 | 4.81 | 18.87 | 20.33 | 1.90 | 0.44 | 4.37 | 8.35 |
| Motor Vehicles | 39.77 | — | 4.39 | 35.38 | 14.84 | 4.11 | 3.57 | 14.30 | 21.08 | 24.93 |
| Plant and Machinery | 462.03 | 145.90 | 134.23 | 473.70 | 262.78 | 131.40 | 24.00 | 155.38 | 318.32 | 199.25 |
| Office Equipments | 184.51 | 9.15 | 103.68 | 89.98 | 131.08 | 101.10 | 14.52 | 44.50 | 45.48 | 53.43 |
| Lease Hold Improvements | — | 136.64 | — | 136.64 | — | — | 62.65 | 62.65 | 73.99 | — |
| Total | 1,063.95 | 346.54 | 537.15 | 873.34 | 594.38 | 419.35 | 120.68 | 295.71 | 577.63 | 469.57 |
| Previous year | 1,022.72 | 51.37 | 10.14 | 1,063.95 | 550.11 | 4.54 | 48.81 | 594.38 | 469.57 | — |

Note : During the previous year Land (Cost Rs. 8.44 Lac) and Building (Gross Block Rs. 198.21 Lac; Net Block Rs. 89.27 Lac) were held for disposal. Ref. note 3 of Schedule 17B.

| | As at 31st March, 09 | As at 31st March, 08 |
|---|----------------------|----------------------|
| | Rs. In Lac | Rs. In Lac |
| 6. INVESTMENTS | | |
| LONG TERM (At Cost) | | |
| QUOTED - Trade Investments | | |
| 66,666 Equity Shares of Rs. 5-Each of Eveready Industries India Limited | 118.28 | 118.28 |
| 66,666 Equity Shares of Rs. 5 Each of Mcleod Russel India Limited | 71.72 | 71.72 |
| | 190.00 | 190.00 |
| Less : Provision for Diminution in Value | 125.33 | 109.77 |
| | 64.67 | 80.23 |
| Aggregate cost of Quoted Investments | 190.00 | 190.00 |
| Aggregate market value of Quoted Investments | 54.97 | 80.23 |

The Company had applied to Department of Company Affairs, Government of India for striking off the name of its subsidiary M/s Pristine Investments Ltd. (Cost Rs. 53,600 fully provided in books) from the register of companies under the simplified exit scheme. On completion of requisite formalities, confirmation has since been received about the name having been struck off the register under Section 560 of the Companies Act, 1956. Consequently, the investment was fully written off against the provision made in the books in the previous year.

| | As at 31st March, 09 | | As at 31st March, 08 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac |
| 7. INVENTORIES | | | | |
| Stores and Spare Parts | 26.11 | | 5.44 | |
| Raw - Material and Components | 592.49 | | 413.88 | |
| Scrap | — | | 11.94 | |
| Work-In-Progress | 837.52 | | 1,262.88 | |
| Finished Goods | 267.20 | | 161.50 | |
| | | 1,723.32 | | 1,855.64 |
| 8. SUNDRY DEBTORS - Unsecured | | | | |
| Debts Outstanding For a Period Exceeding Six Months | 698.04 | | 483.10 | |
| Other Debts | 1,640.83 | | 1,259.81 | |
| | 2,338.87 | | 1,742.91 | |
| Less: Provision for Doubtful Debts | 31.49 | | 49.51 | |
| | | 2,307.38 | | 1,693.40 |
| Considered Good | 2,307.38 | | 1,693.40 | |
| Considered Doubtful | 31.49 | | 49.51 | |
| | 2,338.87 | | 1,742.91 | |
| 9. CASH AND BANK BALANCES | | | | |
| Cash in Hand | | 3.85 | | 1.30 |
| Balances with Scheduled Banks : | | | | |
| On Current Account | 785.44 | | 58.52 | |
| On Deposit Account (Note 2(a) of Schedule 17B) | 1,356.38 | | 3,177.59 | |
| (Includes Fixed Deposits as Margin Money with Banks) | | 2,141.82 | | 3,236.11 |
| | | 2,145.67 | | 3,237.41 |

| | As at 31st March, 09 | | As at 31st March, 08 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac |
| 10. LOANS AND ADVANCES (Unsecured) | | | | |
| Advances Recoverable in Cash or in Kind or for Value to be Received (Note 3 of Schedule 17B) | | | | |
| Considered Good | 7,506.30 | | 458.40 | |
| Considered Doubtful | 10.36 | | 2.55 | |
| | <u>7,516.66</u> | | <u>460.95</u> | |
| Less: Provision for Doubtful Advances | 10.36 | 7,506.30 | 2.55 | 458.40 |
| | | | | |
| Balances with Government Authorities | | 127.72 | | 46.71 |
| Inter Corporate Deposits | | 1,280.24 | | 85.00 |
| Other Deposits | | 101.22 | | 31.12 |
| Advance Payment of Tax and Tax Deducted at Source (Net) | | — | | 78.78 |
| MAT Tax credit adjustment | | — | | 93.55 |
| | | <u>9,015.48</u> | | <u>793.56</u> |
| 11. CURRENT LIABILITIES AND PROVISIONS | | | | |
| Current Liabilities | | | | |
| Acceptances | | 276.16 | | 827.19 |
| Sundry Creditors. | | | | |
| - Total Outstanding dues to Micro and Small Enterprises | 7.17 | | 5.95 | |
| - Others | 1,264.79 | 1,271.96 | 973.72 | 979.67 |
| Other Liabilities and Accruals | | 416.92 | | 449.11 |
| Advances Received | | 1,663.77 | | 1,981.82 |
| | | <u>3,628.81</u> | | <u>4,237.79</u> |
| Provisions | | | | |
| Provision for employee benefits (Note 17 of Schedule 17B) | 50.59 | | 45.88 | |
| Provision for taxation | 614.59 | | — | |
| Provision for Liquidated Damages & Warranties | 17.07 | | 64.57 | |
| Provision for others (Note 11 of Schedule 17B) | 271.04 | | 271.04 | |
| Proposed Dividend | 269.02 | | — | |
| Tax on Dividend | 45.72 | 1,268.03 | — | 381.49 |
| | | <u>4,896.84</u> | | <u>4,619.28</u> |
| 12. Miscellaneous Expenditure | | | | |
| (to the extent not written off or adjusted) | | | | |
| (Note 11 of Schedule 17A) | | | | |
| Share issue expenses: | | 10.91 | | 16.37 |
| | | <u>10.91</u> | | <u>16.37</u> |

| | Year ended 31st March, 09 | | Year ended 31st March, 08 | |
|--|------------------------------|-----------------|------------------------------|-----------------|
| | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac |
| INCOME: | | | | |
| 13. SALES AND SERVICES | | | | |
| Product Sales | | 9,085.51 | | 7,708.97 |
| Income from Services | | 95.71 | | 102.32 |
| | | <u>9,181.22</u> | | <u>7,811.29</u> |
| 14. OTHER INCOME | | | | |
| Sale of Scrap | | 149.83 | | 82.83 |
| Interest Bank Deposits (Tax deducted at source Rs. 17.06 Lac (Previous Year Rs. 11.04 Lac)) | | 99.01 | | 97.04 |
| Interest Others (Tax deducted at source Rs. 3.20 Lac (Previous Year NIL)) | | 21.02 | | 3.64 |
| Dividend on Trade Investment | | 0.67 | | 0.67 |
| Provision for liquidated damages written back | | 47.00 | | — |
| Doubtful debts provision written back | | 0.89 | | 34.90 |
| Debit/Credit Balances written back/off | | 53.01 | | 14.53 |
| Profit on sale of fixed assets (Net) | | 0.31 | | — |
| Miscellaneous Income | | 14.78 | | 5.51 |
| | | <u>386.52</u> | | <u>239.12</u> |
| 15. OPERATING EXPENSES | | | | |
| Raw Material and Bought-Out Components Consumed | | | | |
| Opening Stock | | 413.88 | | 445.00 |
| Add: Purchases (including Job work Charges) | | 5,502.32 | | 4,855.19 |
| Less: Closing Stock | | 592.49 | 5,323.71 | 413.88 |
| | | | | 4,886.31 |
| Employee Cost | | | | |
| (Including Managerial Remuneration) | | | | |
| (Note 9 of Schedule 17B) | | | | |
| Salaries, Wages and Bonus | | 474.07 | | 421.83 |
| Contribution to Provident and Other Funds | | 65.29 | | 57.30 |
| Welfare Expenses | | 68.04 | 607.40 | 56.68 |
| | | | | 535.81 |

| | Year ended 31st March, 09 | | | Year ended 31st March, 08 | |
|---|------------------------------|------------|------------|------------------------------|------------|
| | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac | Rs. In Lac |
| Others | | | | | |
| Contract Labour Charges | | 513.38 | | 398.93 | |
| Stores, Spares Parts and Loose Tools Consumed (Indigenous) | | 152.89 | | 103.10 | |
| Power and Fuel | | 59.23 | | 57.93 | |
| Rent | | 171.48 | | 33.20 | |
| Rates and Taxes | | 16.75 | | 23.00 | |
| Repairs and Maintenance - Buildings | | 9.33 | | 15.54 | |
| Repairs and Maintenance - Plant and Machinery | | 14.87 | | 28.35 | |
| Repairs and Maintenance - Others | | 52.43 | | 41.42 | |
| Factory Upkeep | | 58.91 | | 38.54 | |
| Royalty | | 32.03 | | 53.91 | |
| Insurance Charges | | 14.05 | | 11.49 | |
| Traveling and Conveyance Expenses | | 156.94 | | 207.58 | |
| Bank Charges | | 145.02 | | 120.56 | |
| Professional Fees | | 60.83 | | 76.51 | |
| Advance/Bad debts written off | 18.67 | | | 574.82 | |
| Less: Provision for Doubtful Debts / Advances written back | 17.12 | 1.55 | | 574.82 | |
| | | | | — | |
| Provision for Doubtful Debts/Advances | | 7.82 | | 37.36 | |
| Sales Tax Dues | | 0.33 | | 17.77 | |
| Freight, Carriage and Packing Expenses (net of recovery) | | 222.25 | | 220.23 | |
| Selling Commission | | 8.90 | | 85.56 | |
| Liquidated Damages, Warranties & Rebates | | 34.25 | | 110.86 | |
| Exchange variation (net) | | 89.83 | | 10.29 | |
| Fixed Assets written off | | 3.13 | | — | |
| Right Issue Expenses | | 5.46 | | 5.46 | |
| Miscellaneous expenses (Note 12 of Schedule 17B) | | 247.88 | 2,079.54 | 196.59 | 1,894.18 |
| | | | 8,010.65 | | 7,316.30 |
| 16. INCREASE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS | | | | | |
| Stock of Finished Goods | | | | | |
| Closing Stock | | 267.20 | | 161.50 | |
| Opening Stock | | 161.50 | (105.70) | 236.00 | 74.50 |
| (Increase)/Decrease in Excise duty on Finished Goods | | | (17.59) | | 6.22 |
| Stock of Work-in-Progress | | | | | |
| Closing Stock | | 837.52 | | 1,262.88 | |
| Opening Stock | | 1,262.87 | 425.35 | 828.11 | (434.77) |
| | | | 302.06 | | (354.05) |

Schedule 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956.

2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect 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 result and the estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

Fixed Assets are recorded at cost. The cost of fixed assets include all costs incidental to acquisition, commissioning and related internal costs.

4. Depreciation

Depreciation is calculated on the assets on straight-line method at the rates and in the manner specified in Schedule XIV of Companies Act, 1956, except where on a consideration of useful life, based on technical assessment higher depreciation is necessary. Assets costing Rs. 5,000/- or less are fully depreciated in the year of acquisition. Lease hold improvements are depreciated over the lease period.

5. Inventories

Inventories are valued as under:

- Raw Materials/Components: at lower of cost (determined on monthly weighted average cost basis) and net realisable value.
- Stores and spare parts: at lower of cost (determined on FIFO basis) and net realisable value.
- Work-in-progress and Finished Goods: at lower of weighted average cost (including attributable charges and levies) and net realisable value.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

6. Investments

Long-term investments are stated at cost less diminution in value other than temporary. Current investments are stated at lower of cost or fair market value. Dividends are accounted for when declared.

7. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities denominated in foreign currency as at Balance Sheet date are restated at the exchange rates prevailing on that date. Exchange differences on such restatement or on settlement are recognized in the Profit and Loss Account. The Company's forward exchange contracts are not held for trading or speculation. The premium arising on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account.

8. Revenue Recognition

Revenue/Sales are recognized when significant risks and rewards associated with ownership are transferred to the buyer – generally based on terms of delivery. For jobs completed against specific customer orders and subject to inspection by customer prior to despatch, revenue is recognized after goods are moved out and invoiced after such inspection.

9. Employee Benefits

Provident Fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to Profit and Loss Account during the period in which employees perform the services that the payment covers. The Company also contributes to Superannuation Fund for some employees and the same is funded with Life Insurance Corporation of India (LIC).

Gratuity liability is defined benefit obligation and is funded with LIC. The present value of gratuity obligation is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

The Company accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

10. Provisions, Contingent Liabilities and Contingent Assets

Provisions involve substantial degree of estimation in measurement and are recognized when it is probable that there will be outflow of resources as a result of past events. Separate disclosure in notes to accounts is made for each class of provision during the year.

Contingent Liabilities (where outflow of resources is not considered probable) are not recognized but are disclosed in notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

11. Deferred Expenses

Expenses incurred in relation to issue of shares are amortized over a period of 5 years.

12. Taxes on Income

Income Tax expense comprises current tax and deferred tax. Deferred tax is recognized on timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted on the Balance Sheet date. Deferred tax assets are recognized, on consideration of prudence if there is certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized; deferred tax asset consisting of losses / accumulated depreciation is recognized only if there is virtual certainty that the asset will be realized in future. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

Fringe Benefit Tax (FBT) payable under the provisions of Section 115WC of the Income-tax Act, 1961 is, in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI, regarded as an additional income tax and considered in determination of the profits for the year.

13. Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred. The borrowing costs, in respect of funds borrowed to finance the qualifying fixed assets until the assets are ready for commercial use, are capitalised.

(B) NOTES TO THE ACCOUNTS:

1. Estimated amount of Contracts remaining to be executed on capital account Rs. 1,117 Lac (Previous Year Rs. 285.06 Lac).

2. Contingent liabilities:

- a) Guarantees and Letters of Credit issued by Banks Rs. 1,885.97 Lac (Previous Year Rs. 2,967.94 Lac) against which FDR of Rs. 356.38 Lac (Previous Year Rs. 372.59 Lac) pledged with Banks.
- b) Demand notice from DGFT for non-fulfilling of export obligations Rs. 137 Lac (Previous Year Rs. 137 Lac). The Company expects no liability on this account.
- c) The Company is a party to litigation by certain ex-employees in respect of claim for superannuation fund dues / retrenchment compensation arising around the year 2000-2001. The Company has in prior years provided for the probable obligation (included under 'Provision for Contingencies'). Based on legal opinions obtained, no additional liability is expected and the matters are subjudice.
- d) Other claims not acknowledged as debts Rs. 0.80 Lac (Previous Year Rs. 0.80 Lac).

3. Pursuant to the MOU dated 8th November, 2007 entered into with Housing Development and Infrastructure Ltd. (HDIL) for sale of Company's property at Bhandup, Mumbai, admeasuring 8.32 acres, the Company had transferred 3.32 acres of land at a consideration of Rs. 3,150 Lac during 2007-08 resulting in profit of Rs. 2,633 Lac net of tax liability of Rs. 425.25 Lac thereagainst.

During the year 2008-09, the Company had executed the conveyance for the entire land admeasuring 8.32 acres for an aggregate consideration of Rs. 11,500 Lac, out of which, the Company had received in cash upto 31st March, '09, Rs. 5,650 Lac including Rs. 3,150 Lac as aforesaid. The Company during 2008-09 has accounted for entire profit on sale of land of Rs. 7,391.72 Lac (net of tax of Rs. 830 Lac) based on the sales consideration of Rs. 8,350 Lac (Rs. 11,500 Lac minus Rs. 3,150 Lac). While determining Income tax liability, the Company has duly taken into account the benefits

applicable under Section 54G of the Income Tax Act, 1961, in view of its concrete plans for relocating its operations to non urban areas involving substantial investment.

In respect of the receipt of the balance consideration of Rs. 5,850 Lac (Rs. 11,500 Lac minus Rs. 5,650 Lac), the Company has received a letter from HDIL on 18th June, 2009 confirming the said balance of Rs. 5,850 Lac. In addition, another letter dated 29th June, 2009 has been received from HDIL confirming that entire payment of Rs. 5,850 Lac, for which the Company is holding post dated cheques, will be made. The Board is of the view that the entire sum of Rs. 5,850 Lac is good and fully recoverable within the current year and no provision whatsoever is considered necessary.

4. The Company had entered into an MOU with Conwood Prefab Pvt.-Ltd. (Conwood) for purchase of 8 acres of land at a total consideration of Rs. 1,590 Lac. As per the MOU Conwood were required to get approval of Government authorities for setting up engineering factory and also to obtain increased floor space index (FSI) before February 2009. As Conwood were unable to obtain the permission before the contracted date the agreement was terminated. Conwood is expected to refund the advance of Rs. 800 Lac paid to them shortly. Further the Company has on April 23, 2009 entered into an MOU with Chemetall – Rai India Pvt. Ltd. for purchase of 8 acres of land situated at MIDC Kalyan at a total consideration of Rs. 867 Lac. The MOU envisages the conclusion of the deal within 4 months.
5. The Company has received an allotment letter for 20 acres of land dated May 21, 2008 from Asansol-Durgapur Development Authority. The Consideration for the same will be based on cost of acquisition to the Government of West Bengal, which will be payable before possession. No further development in this regard has taken place as yet.

6. Secured Loans:

Banks

The credit facilities are secured by :

- I. Hypothecation of present and future stocks of raw materials, semi finished goods, finished goods and book debts by way of first charge and also by hypothecation of movable plant and machinery by way of second charge.
- II. English mortgage of all the Company's immovable properties both present and future on pari-passu second charge basis. The immovable property of the Company situated at Bhandup which was mortgaged to the Banks has been disposed off. Release of charge by the Banks is expected shortly.

7. Unsecured Loans:

The amount of Rs. 30.85 Lac (Previous Year Rs. 30.85 Lac) represents liability on account of Purchase of machinery from NBFCs on lease / Hire Purchase basis. The amount is payable over a period of six years in accordance with the BIFR Scheme, without interest.

8. Interest:

| | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|-----------------------------|--------------------------|--------------------------|
| Short term Loans from Banks | 98.06 | 70.86 |
| Others | 46.79 | 67.38 |
| Total | 144.85 | 138.24 |

9. Payment to Directors:

| | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|--|--------------------------|--------------------------|
| Sitting Fees (a) | 0.93 | 1.32 |
| Managing Director's Remuneration (Refer Note below) | | |
| Salaries (including Bonus, Company contribution to Provident and Superannuation Funds) | 77.10 | 57.65 |
| Perquisites | 3.08 | 23.56 |
| Total (b) | 80.18 | 81.21 |

Note :

The Company has received approval of Central Government vide its letter no. SRN/A 40311862-CL.VII dated December 12, 2008 for appointment of and remuneration payable to Mr. Supriya Mukherjee as Managing Director of the Company for a period of 3 (three) years commencing from April 1, 2008. The above remuneration for the FY 2008-09 has been paid as per the approval of Central Government.

10. In accordance with the Accounting Standard on Accounting for Taxes on Income, Deferred Tax Asset / Liability has been recognized in the Accounts as of the year end as under:

| Particulars | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|--|--------------------------|--------------------------|
| Deferred Tax Asset arising out of carry forward business loss, tax disallowances & unabsorbed depreciation (In respect of matters under dispute, quantification is based on the opinions of independent experts) | — | 361.25 |
| Deferred Tax Liability in respect of difference in WDV as per books and tax | (51.81) | (54.26) |
| Net Deferred Tax Asset / (Liability) | (51.81) | 306.99 |

11. Disclosure of provisions as required by Accounting Standard 29:

| Description of Provision | Opening Balance | Amount used during the year | Excess Provision Written back | Provisions made during the year | (Rs. In Lac) |
|---|-----------------|-----------------------------|-------------------------------|---------------------------------|-----------------|
| | | | | | Closing Balance |
| Provision for Sales Tax | — | — | — | — | — |
| | (140.85) | (140.85) | (—) | (—) | (—) |
| Provision for Contingencies (Claims under litigation) | 271.04 | — | — | — | 271.04 |
| | (271.38) | (0.34) | (—) | (—) | (271.04) |
| Provision for Liquidated Damages/Warranties | 64.56 | 3.99 | 47.00 | 3.50 | 17.07 |
| | (33.46) | (23.91) | (—) | (55.01) | (64.56) |

(Figures for the previous year are shown in bracket)

12. Payments to Auditors (Grouped in Miscellaneous Expenses – Schedule 15):

| | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|--|--------------------------|--------------------------|
| Audit Fees (including limited reviews) | 5.90 | 5.90 |
| Other Services | 0.75 | 2.85 |
| Out of Pocket Expenses | 0.01 | 0.03 |
| Total | 6.66 | 8.78 |

13. Earning Per Share (Basic / Diluted):

| | FY 2008-09 | FY 2007-08 |
|---|------------|------------|
| A (Loss) / Profit before Extraordinary items (Rs. In Lac) | (88.33) | 143.67 |
| B Net Profit after Extraordinary items (Rs. In Lac) | 7,303.38 | 2,777.27 |
| C Weighted Average Number of Equity Shares used (As denominator for calculating EPS (In Lac)) | 134.93 | 134.96 |
| D EPS before Extraordinary Items (A/C) (In Rs.) | (0.65) | 1.06 |
| E EPS after Extraordinary Items (B/C) (In Rs.) | 54.12 | 20.58 |

14. Disclosure Regarding Derivative Instruments:

A. The following are the Outstanding Forward Contracts as at the year end for hedging purpose

| Year | Purpose | Currency | Amount in FCY (In Lac) | Amount in Rs. (In Lac) | No of Contracts |
|----------|-----------------|----------|---------------------------|---------------------------|--------------------|
| Current | Firm Commitment | USD | 13.60 | 88.42 | 3 |
| Previous | Receivables | Euro | 2.44 | 152.17 | 2 |

B. The following are the foreign currency exposure not hedged as at the year end

| Year | Particulars | Currency | Amount in FCY (In Lac) | Amount in Rs. (In Lac) |
|----------|-------------|----------|---------------------------|---------------------------|
| Current | Receivables | USD | 10.66 | 534.52 |
| | | CHF | 0.10 | 4.54 |
| Previous | | USD | 11.61 | 468.36 |
| | | Euro | 0.08 | 5.12 |
| | | CHF | 0.03 | 1.06 |
| | | | | |
| Current | Liabilities | USD | 6.78 | 339.20 |
| | | Euro | 8.78 | 593.63 |
| | | Yen | 3.76 | 7.19 |
| Previous | | USD | 1.93 | 76.82 |

15. Research & Development:

The total amount incurred on Research & Development activities during the year amount to Rs. 29.40 Lac (Previous Year Rs. 28.56 Lac).

16. Prior Period items:

| | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|------------------------|--------------------------|--------------------------|
| Miscellaneous Expenses | 3.15 | — |
| Professional fees | — | 3.16 |
| Total | 3.15 | 3.16 |

17. Employee Benefits:**a) Defined Contribution Plan:**

The Company has recognised, in the Profit and Loss Account for the year ended 31st March, 2009, following amounts as expenses under defined contribution plan under the head 'Contribution to Provident and Other Funds' in Schedule 15 – Operating Expenses.

| Sr. No. | Benefit (Contribution to) | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|---------|---------------------------|--------------------------|--------------------------|
| 1 | Provident Fund | 30.30 | 27.81 |
| 2 | Superannuation Fund | 25.48 | 18.64 |
| | Total | 55.78 | 46.45 |

b) Defined Benefit Plans:

As per Actuarial valuations as on 31st March, 2009 and in accordance with the revised Accounting Standard 15 on Employee Benefits issued by The Institute of Chartered Accountants of India, particulars of Gratuity benefit are provided below:

| Particulars | | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|--|--|--------------------------|--------------------------|
| I Expense recognized in Profit & Loss Account for the year ended 31st March, 2009 | | | |
| a. | Current Service Cost | 7.75 | 7.44 |
| b. | Interest cost | 5.18 | 4.60 |
| c. | Expected return on Plan Assets | (4.89) | (4.37) |
| d. | Actuarial (Gain)/Loss | 0.16 | 1.38 |
| e. | Expense recognised during the year | 8.20 | 9.05 |
| II Reconciliation of opening and closing balance of Obligation | | | |
| a. | Obligation as on 1st April, 2008 | 62.75 | 50.85 |
| b. | Current Service Cost | 7.75 | 7.44 |
| c. | Interest cost | 5.18 | 4.60 |
| d. | Actuarial (Gain)/Loss | 0.61 | 1.56 |
| e. | Benefits Paid | (11.39) | (1.70) |
| f. | PV of Obligation as on 31st March, 2009 | 64.90 | 62.75 |
| III Change in Plan assets | | | |
| a. | Fair Value of Plan Assets as on 1st April, 2008 | 58.27 | 44.88 |
| b. | Expected return on Plan assets | 4.89 | 4.37 |
| c. | Actuarial Gain/(Loss) | 0.44 | 0.18 |
| d. | Contributions | 8.53 | 10.54 |
| e. | Benefits Paid | (11.39) | (1.70) |
| f. | Fair Value of Plan Assets as on 31st March, 2009 | 60.74 | 58.27 |
| Provision recognized in the Balance Sheet as at 31st March 2009 | | | |
| | Towards Gratuity as above | 4.15 | 4.48 |
| | Towards Compensated Absences | 46.44 | 41.40 |
| | | 50.59 | 45.88 |

Notes:

- Discount rate / return on plan assets taken at 8% p.a considering the benchmark rate available on Government Securities for the tenure of payment.
- The estimate of future salary increases considered at 5% p.a taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- 100% of Plan Assets are invested in group gratuity scheme offered by LIC of India.

18. Related Party Disclosure:

(Rs. In'Lac)

| Sr. No. | Name of Related Party | Nature of Relationship | Nature of Transaction | Transaction During the Year | Closing Balance Dr./ (Cr.) |
|---------|--|--------------------------------------|---|---|---|
| 1 | Mr. Supriya Mukherjee Mr. V R Sinha | Key Management Personnel | Managerial Remuneration | 80.18 (81.21) | — (27.46) |
| 2 | Williamson Magor & Co. Ltd. | Company having Significant influence | Service Charges Rent Electricity Expenses | 60.00 (60.81) 15.70 (—) 2.79 (—) | 114.14 (35.65) — (—) — (—) |

(Figures for the previous year are shown in bracket)

19. The amount of Net Exchange Loss / (Gain) of Rs. 172.66 Lac (Previous Year Rs. (150.54) Lac) is included in Sales.

20. Segment information for primary segment reporting (by business segments)

Based on the guiding principles given in the Accounting Standard on 'Segment Reporting' (AS-17) issued by the Institute of Chartered Accountants of India, the primary segment of the Company is business segment which comprises of Engineering Segment. As the Company operates in a single primary business segment, no segment information thereof is given.

Segment information for secondary segment reporting (by geographical segments)

The Company has a customer base within and outside India.

| Particulars | (Rs. In Lac) | | |
|---------------------|--------------------------------|-------------------------------|--------------------------------|
| | India | Outside India | Total |
| Revenue | 6,815.71 (4,028.59) | 1,682.49 (3,179.89) | 8,498.20 (7,208.48) |
| Segment Assets | 15,750.27 (7,841.28) | 539.06 (626.72) | 16,289.33 (8,468.00) |
| Segment Liabilities | 5,159.55 (5,580.67) | 9,74.37 (76.82) | 6,133.92 (5,657.49) |
| Capital Expenditure | 410.89 (389.56) | — — | 410.89 (389.56) |

(Figures for the previous year are shown in bracket)

21. Micro Enterprises and Small Enterprises:

The Company is in the process of updating its supplier data for tracking compliance with the provisions of Micro, Small and Medium Enterprises Development Act, 2006. The information as required to be disclosed under the Act and provided in Schedule 11 has been determined to the extent such parties have been identified on the basis of information available with the Company. No interest has been paid or accrued in the books. Considering the volume and payment cycle such amount is not considered to be significant.

22. Disclosures under AS-19 in respect of operating leases:

i) Significant Leasing Agreements:

- The Company has taken a factory shed and appurtenant land on Leave and Licence basis for the purpose of manufacturing, fabrication, storage of plants and machinery and other allied and permissible commercial activities.
- The tenure of the agreement is for a period of 3 years commencing from 7th May 2008.
- The agreement is non cancellable for a period of 2 years.

ii) Lease payments recognised in the Profit and Loss Account : Rs. 171.48 Lac (Previous year Rs. 33.19 Lac)

iii) Total of future minimum lease payments under the non-cancellable period of the lease:

- Not later than 1 year : Rs. 132.00 Lac (Previous year Rs. 118.87 Lac)
- Later than 1 year and not later than 5 years: Nil (Previous year Rs. 118.80 Lac)

23. During the year the Company has made an offer of Buyback of its own fully paid up equity shares through the methodology of "Open Market Purchase through Stock Exchange", pursuant to the approval of Board of Directors at their meeting held on January 29, 2009. As on March 31, 2009, 44,738 Equity Shares were bought back for aggregate amount of Rs. 8.02 Lac by utilizing the share premium account to the extent of Rs. 3.54 Lac; this includes 39,738 shares which are awaiting extinguishment (subsequently completed). Capital Redemption Reserve of Rs. 4.48 Lac has been created being the nominal value of shares bought back.

24. Capacity and Production: **

| Class of goods | Unit | Installed Capacity | Actual Production |
|---|------|--------------------|----------------------------|
| Dryers, Drying Systems & Components thereof | M.T. | 1,200 (1,400) | 2,553.16 *** (2,305.09) |
| Other Equipments | M.T. | — (—) | 27.00 (6.24) |

(Figures for the previous year are shown in bracket)

** As certified by the management and relied upon by the auditors being a technical matter.

*** Includes production on job work basis.

25. Sales and Stocks of Finished Goods:

| Class of goods | Unit | Opening Stock | | Closing Stock | | Sales ** | |
|---|------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| | | Qty. | Amount Rs. In Lac | Qty. | Amount Rs. In Lac | Qty. | Amount Rs. In Lac |
| Dryers, Drying Systems & Components thereof | M.T. | 187.29 (55.15) | 161.50 (216.62) | 116.00 (187.29) | 267.21 (161.50) | 2,624.45 (2,172.95) | 8,301.79 (7,057.90) |
| Other Equipments | M.T. | — (—) | — (—) | — (—) | — (—) | 27.00 (6.24) | 100.70 (48.27) |
| Total | | 187.29 (55.15) | 161.50 (216.62) | 116.00 (187.29) | 267.21 (161.50) | 2,651.45 (2,179.19) | 8,402.49 (7,106.17) |

(Figures for the previous year are shown in bracket)

** Net of Excise Duty

26. Raw materials, Components, Stores and Spares Consumed:**Consumption of Raw Materials and Components:**

| Item | % Total | Amount Rs. In Lac |
|--------------|------------------------------------|--------------------------------------|
| Indigenous | 86.95% (86.98%) | 3,745.71 (3,722.67) |
| Imported | 13.05% (13.02%) | 561.80 (557.18) |
| Total | 100.00% (100.00%) | 4,307.51 (4,279.85) |

(Figures for the previous year are shown in bracket)

| Item | Unit | Quantity | Amount Rs. In Lac |
|---------------------|------|------------------------|--------------------------------------|
| Steel | M.T. | 1,775.24 (2,007.74) | 1,721.00 (2,695.75) |
| Components & others | M.T. | | 2,586.51 (1,584.10) |
| Total | | | 4,307.51 (4,279.85) |

(Figures for the previous year are shown in bracket)

| | FY 2008-09 Rs. In Lac | FY 2007-08 Rs. In Lac |
|--|--|--|
| 27. C.I.F. Value of Imports: | | |
| Raw materials | 350.37 | 426.63 |
| Components | 119.72 | 139.43 |
| | 470.09 | 566.06 |
| 28. Expenditure incurred in Foreign Currency: | | |
| Traveling Expenses | 44.82 | 82.31 |
| Royalty | 32.03 | 53.91 |
| Selling Commission | 5.30 | 12.80 |
| Technical Knowhow Fees | 91.16 | — |
| | 173.31 | 149.02 |
| 29. Earnings in Foreign Currency: | | |
| Exports Calculated on F.O.B. basis | 1,682.49 | 3,179.89 |
| Selling Commission | 3.26 | 1.10 |
| | 1,685.75 | 3,180.99 |

30. Comparative financial information is presented in accordance with the 'Corresponding Figure' financial reporting framework set out in Auditing and Assurance Standard on Comparatives. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped / reclassified wherever necessary to correspond with the figures of the current financial year. Figures have been rounded off to the nearest Rs. In Lac as per approval from Department of Company Affairs obtained under Section 211 of the Companies Act, 1956.

As per Our Report of Even Date Attached

For and on behalf of
DELOITTE HASKINS & SELLS
Chartered Accountants

R. Salivati
Partner
Membership No.34004

Place: Mumbai
Date: June 30, 2009

For and on behalf of the Board of Directors

Supriya Mukherjee
Managing Director

A. Suresh
Chief Financial Officer

Amritanshu Khaitan
Director

Ame B. Joshi
Company Secretary

Place: Kolkata
Date: June 29, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(In terms of Part IV of Schedule VI)

I. Registration Details

Registration No.

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 2 | 1 | - | 0 | 4 | 2 | 9 | 5 | 6 |
|--|---|---|---|---|---|---|---|---|---|

 State Code

| | |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet

| | |
|---|---|
| 3 | 1 |
|---|---|

| | |
|---|---|
| 0 | 3 |
|---|---|

| | | | |
|---|---|---|---|
| 2 | 0 | 0 | 9 |
|---|---|---|---|

Date

| | |
|--|--|
| | |
|--|--|

 Date

| | |
|--|--|
| | |
|--|--|

 Month

| | |
|--|--|
| | |
|--|--|

 Year

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

| | | |
|---|---|---|
| N | J | L |
|---|---|---|

 Right Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Bonus Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Private Placement

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

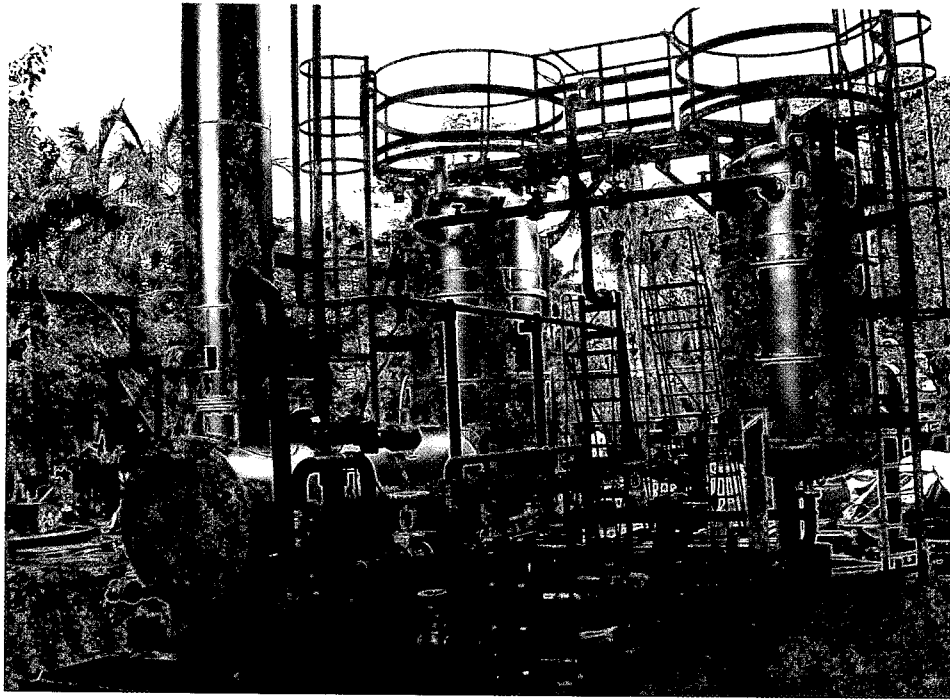
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|--|--|---|---|---|---|--|--|--|--|---|---|---|---|--|--|--|--|---|---|---|---|
| <p>Sources of Funds</p> <p>Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>6</td><td>3</td><td>0</td><td>0</td><td>2</td><td>4</td></tr></table></p> <p>Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>4</td><td>5</td><td>1</td><td>1</td></tr></table></p> <p>Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>0</td><td>6</td><td>2</td><td>3</td></tr></table></p> <p>Application of Funds</p> <p>Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>3</td><td>2</td><td>8</td><td>1</td></tr></table></p> <p>Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>2</td><td>9</td><td>5</td><td>0</td><td>1</td></tr></table></p> <p>Accumulated Profit <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>1</td><td>8</td><td>7</td><td>3</td><td>3</td></tr></table></p> | | 1 | 6 | 3 | 0 | 0 | 2 | 4 | | | 1 | 3 | 4 | 5 | 1 | 1 | | | 1 | 2 | 0 | 6 | 2 | 3 | | | 1 | 0 | 3 | 2 | 8 | 1 | | | 1 | 0 | 2 | 9 | 5 | 0 | 1 | | | 6 | 1 | 8 | 7 | 3 | 3 | <p>Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>6</td><td>3</td><td>0</td><td>0</td><td>2</td><td>4</td></tr></table></p> <p>Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>7</td><td>6</td><td>9</td><td>4</td><td>0</td></tr></table></p> <p>Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>0</td><td>8</td><td>5</td></tr></table></p> <p>Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>4</td><td>6</td><td>7</td></tr></table></p> <p>Misc. Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>9</td><td>1</td></tr></table></p> | | 1 | 6 | 3 | 0 | 0 | 2 | 4 | | | 8 | 7 | 6 | 9 | 4 | 0 | | | | | 3 | 0 | 8 | 5 | | | | | 6 | 4 | 6 | 7 | | | | | 1 | 0 | 9 | 1 |
| | 1 | 6 | 3 | 0 | 0 | 2 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 3 | 4 | 5 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 0 | 6 | 2 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 0 | 3 | 2 | 8 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 0 | 2 | 9 | 5 | 0 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 6 | 1 | 8 | 7 | 3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | 6 | 3 | 0 | 0 | 2 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 8 | 7 | 6 | 9 | 4 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | 3 | 0 | 8 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | 6 | 4 | 6 | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | 1 | 0 | 9 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

IV. Performance of Company (Amount in Rs. Thousands)

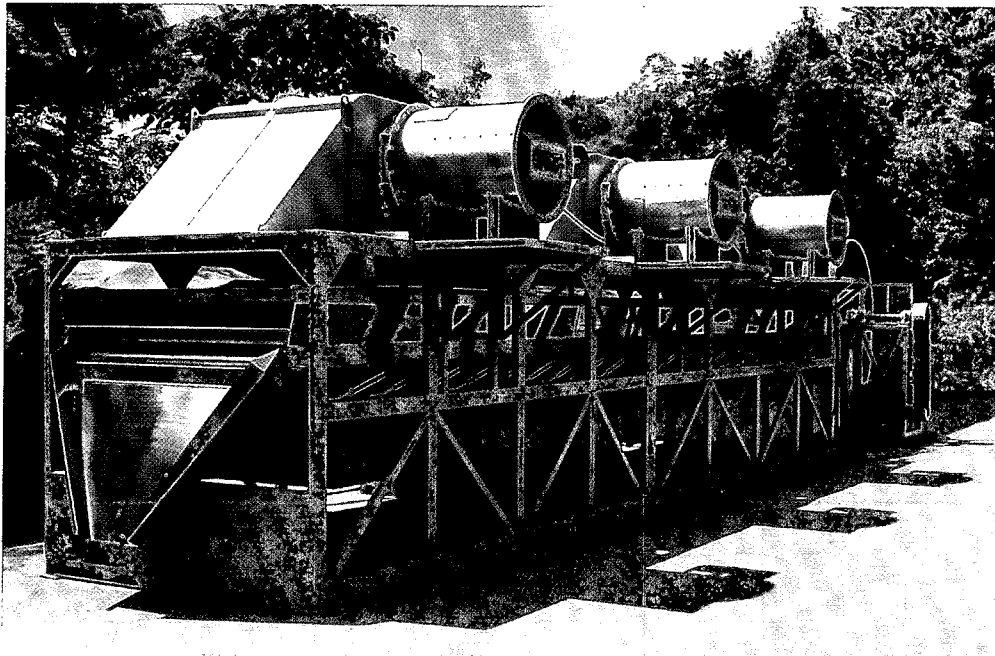
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|--|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|--|--|--|--|---|---|
| <p>Turnover including other income <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>7</td><td>2</td><td>3</td><td>4</td><td>7</td><td>2</td></tr></table></p> <p>Profit / (Loss) Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>5</td><td>0</td><td>9</td><td>5</td><td>1</td></tr></table></p> <p>Earning Per Share in Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>4</td><td>1</td><td>2</td></tr></table></p> | | 1 | 7 | 2 | 3 | 4 | 7 | 2 | | | 8 | 5 | 0 | 9 | 5 | 1 | | | 5 | 4 | 1 | 2 | <p>Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>5</td><td>9</td><td>6</td><td>9</td><td>5</td></tr></table></p> <p>Profit / (Loss) after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>3</td><td>0</td><td>3</td><td>3</td><td>9</td></tr></table></p> <p>Dividend rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td></tr></table></p> | | | 8 | 5 | 9 | 6 | 9 | 5 | | | 7 | 3 | 0 | 3 | 3 | 9 | | | | | | | 2 | 0 |
| | 1 | 7 | 2 | 3 | 4 | 7 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 8 | 5 | 0 | 9 | 5 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 5 | 4 | 1 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 8 | 5 | 9 | 6 | 9 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 7 | 3 | 0 | 3 | 3 | 9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | 2 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

| | | | | | | |
|--------------------------|---|---|---|---|---|---|
| Item Code No. (ITC Code) | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>8</td><td>4</td><td>1</td><td>9</td></tr></table> | | 8 | 4 | 1 | 9 |
| | 8 | 4 | 1 | 9 | | |
| Product Description | Dryers And Drying Systems, Heat Exchangers & Combustion Systems | | | | | |
| Item Code No. (ITC Code) | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>7</td><td>4</td><td>0</td></tr></table> | | 1 | 7 | 4 | 0 |
| | 1 | 7 | 4 | 0 | | |
| Product Description | Oil-Field Equipments | | | | | |
| Item Code No. (ITC Code) | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>7</td><td>4</td><td>8</td></tr></table> | | 3 | 7 | 4 | 8 |
| | 3 | 7 | 4 | 8 | | |
| Product Description | Pneumatics & Vibrating Conveyors | | | | | |



Vapour Recovery System for Petrol



Paddy Dryer



Kilburn Engineering Limited

 **A WILLIAMSON MAGOR GROUP ENTERPRISE**

Website: www.kilburnengg.com

NECTAR PRINTS